H. R. 4149. A bill to provide adjusted compensation for veterans of World War II; to the Committee on Veterans' Affairs.

By Mr. COOLEY:

H. R. 4150. A bill to provide for the coordination of agricultural soil and water conservation programs, and for other purposes; to the Committee on Agriculture.

By Mr. HILL:

H. R. 4151. A bill to provide for the coordination of agricultural soil and water conservation programs, and for other purposes; to the Committee on Agriculture.

By Mr. MILLER of California:

H. R. 4152. A bill to authorize the American River Basin development, California, for irrigation and reclamation and other purposes; to the Committee on Public Lands.

By Mr. LANHAM:

H. J. Res. 234. Joint resolution designating the first Sunday in June of each year as "Shut-Ins' Day"; to the Committee on the Judiciary.

By Mr. STIGLER:

H. J. Res. 235. Joint resolution to provide for the issuance of a special postage stamp in honor of Will Rogers; to the Committee on Post Office and Civil Service.

By Mr. GEARHART:

H. J. Res. 236. Joint resolution to authorize commencement of an action by the United States to determine interstate water rights in the Colorado River; to the Committee on the Judiciary.

By Mr. PATMAN:

H. Con. Res. 69. Concurrent resolution providing for the printing of additional copies of the pamphlet entitled "Fascism in Action"; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FARRINGTON:

H. R. 4153. A bill for the relief of Mrs. Mataniu F. Fonoimoana, to the Committee on the Judiciary.

By Mr. JONES of Washington:

H. R. 4154. A bill for the relief of Gudrun Emma Ericsson; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

739. Mr. MARTIN of Massachusetts presented a petition of Lieutenant Albert E. Purrington Post, No. 21, World War Veterans of the United States Merchant Marine, urging enactment of H. R. 476, which was referred to the Committee on Merchant Marine and Fisheries.

SENATE

FRIDAY, JULY 11, 1947

(Legislative day of Thursday, July 10, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Albert Joseph McCartney, D. D., minister emeritus, Covenant-First Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou who hast been the refuge of our fathers through many generations, be Thou our refuge in every time and circumstance of need. Be our guide today as we seek to find our way amongst the dark and difficult problems that confront our Nation "ere our footsteps stumble on the twilight hills." Help us ever to remember that the steps of a good man are ordered of the Lord.

So we ask for strength and wisdom for this day according to the promise, "As thy days so shall thy strength be." But we are all mere men, with temptations and cares that are the common lot of man. If any amongst us this day are distressed in spirit, or burdened with some secret anxiety, or if some sorrow has invaded our home and touched the ones we love, teach us how to "cast thy burden on the Lord and He shall sustain thee." Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 10, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on today, July 11, 1947, the President had approved and signed the following acts:

S. 715. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for investigatory personnel of the Federal Bureau of Investigation who have rendered at least 20 years of service;

S. 723. An act to authorize the preparation of preliminary plans and estimates of cost for an additional office building for the use of the United States Senate;

S. 980. An act to amend the act entitled "An act to define the area of the United States Capitol Grounds, to regulate the use thereof, and for other purposes," approved July 31, 1946; and

S. 1316. An act to establish a procedure for facilitating the payment of certain Government checks, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 129) to provide for the appropriate commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3647) to extend certain powers of the President under title III of the Second War Powers Act.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 564) to provide for the performance of the duties of the office of President in case of removal, resignation, death, or inability both of the President and Vice President, and it was signed by the President pro tempore.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REFUND OF TAXES TO CERTAIN MEXICAN RAILROAD WORKERS

A letter from the Secretary of State, transmitting a draft of proposed legislation to provide for the refund of the taxes deducted pursuant to the provisions of the Railroad Retirement Act of 1937, as amended, from the wages of Mexican railroad workers employed in the United States under the agreement of April 29, 1943, between the United States of America and the United Mexican States, and for other purposes (with accompanying papers); to the Committee on Labor and Public Welfare.

REPORT OF GENERAL ACCOUNTING OFFICE UNDER CONTRACT SETTLEMENT ACT OF 1944 (S. DOC. NO. 75)

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report of the activities of the General Accounting Office under section 16 of the Contract Settlement Act of 1944 (with accompanying papers); to the Committee on the Judiicary and ordered to be printed as a Senate document.

AMENDMENT OF SOCIAL SECURITY ACT

A letter from the Acting Administrator of the Federal Security Agency, transmitting a draft of proposed legislation to amend the Social Security Act in connection with the payment of postage for unemployment compensation mail and payments to the States which have submitted plans under title I, IV, V, or X of such act, and for other purposes (with an accompanying paper); to the Committee on Finance.

UNIVERSAL MILITARY TRAINING

Mr. CAPPER. Mr. President, I have received a letter from Capitol Post, No. 1, American Legion, Topeka, Kans., in which they urge the passage of the universal military training bill. I ask unanimous consent to present the letter for appropriate reference and to have it printed in the RECORD.

There being no objection, the letter was received, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

CAPITOL POST, NO. 1,
AMERICAN LEGION,
Topeka, Kans., July 5, 1947.

Senator ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: At the regular post membership meeting of July 3, 1947, the following resolution was adopted by Capitol Post, No. 1, American Legion, Topeka, Kans.:

"Whereas the American Legion and Capitol Post, No. 1, favor a program of national security for the good of the Nation: Now, therefore, be it

"*Resolved by Capitol Post, No. 1,* That the universal military training bill is a desirable and necessary part of the program for the security and defense of the United States of America, and that the members of this post individually and collectively urge the passage of said bill by the Congress; be it further

Resolved, That a copy of this resolution be sent to the Senators and Representatives from Kansas.

Very truly yours,
W. W. METZENTHIN,
Commander.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BROOKS, from the Committee on appropriations:

H. R. 3601. A bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes; with amendments (Rept. No. 474).

By Mr. REED, from the Committee on Appropriations:

H. R. 3839. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1948, and for other purposes; with amendments (Rept. No. 475).

By Mr. ECTON, from the Committee on Civil Service:

S. 1497. A bill to amend the act entitled "An act authorizing the Director of the Census to collect and publish statistics of cottonseed and cottonseed products, and for other purposes," approved August 7, 1916; with amendments (Rept. No. 481).

By Mr. O'CONOR, from the Committee on Civil Service:

S. 416. A bill to extend veterans preference benefits to widowed mothers of certain ex-servicemen; with amendments (Rept. No. 480).

By Mr. MILLIKIN, from the Committee on Finance:

S. 1014. A bill to provide for the disposition of internal revenue collections on articles produced in the Virgin Islands; with an amendment (Rept. No. 476);

H. R. 3818. A bill to amend the Federal Insurance Contributions Act with respect to rates of tax on employers and employees, and for other purposes; with amendments (Rept. No. 477);

H. R. 3961. A bill to provide increases in the rates of pension payable to Spanish-American War and Civil War veterans and their dependents; without amendment (Rept. No. 478);

H. R. 4011. A bill to amend section 1602 of the Federal Unemployment Tax Act; without amendment (Rept. No. 479); and

S. Res. 141. Resolution authorizing an investigation of the social-security program; without amendment; and, under the rule, the resolution was referred to the Committee on Rules and Administration.

By Mr. WILEY, from the Committee on the Judiciary:

S. 84. A bill for the relief of Mrs. Clinton R. Sharp; with an amendment (Rept. No. 485);

S. 167. A bill for the relief of Mrs. Yoneko Nakazawa; with an amendment (Rept. No. 486);

S. 185. A bill for the relief of Thomas Abadia; with an amendment (Rept. No. 487);

S. 191. A bill for the relief of Julian Uriarte; without amendment (Rept. No. 482);

S. 316. A bill for the relief of Mary Sungduk Charr; without amendment (Rept. No. 483);

S. 457. A bill for the relief of Anna Kong Mei; without amendment (Rept. No. 484);

S. 1579. A bill for the relief of Damian Gandiaga; with an amendment (Rept. No. 488);

H. R. 84. A bill to amend the Nationality Act of 1940, as amended; without amendment (Rept. No. 489);

H. R. 379. A bill for the relief of Kuo Yu Cheng; without amendment (Rept. No. 490);

H. R. 436. A bill for the relief of Roger Edgar Lapierre; without amendment (Rept. No. 491);

H. R. 553. A bill for the relief of Arsenio Acacio Lewis; without amendment (Rept. No. 492);

H. R. 555. A bill for the relief of Edna Rita Saffron Fidone; without amendment (Rept. No. 494);

H. R. 649. A bill for the relief of Antonio Belaustegui; without amendment (Rept. No. 493);

H. R. 710. A bill for the relief of Fritz Hallquist; without amendment (Rept. No. 495);

H. R. 1015. A bill for the relief of Fred Pittelli; without amendment (Rept. No. 496);

H. R. 1176. A bill for the relief of Mrs. Elizabeth Kempton Bailey; without amendment (Rept. No. 497);

H. R. 1393. A bill for the relief of Donna L. I. Carlisle; without amendment (Rept. No. 498);

H. R. 1493. A bill for the relief of Anna Malama Mark; without amendment (Rept. No. 499);

H. R. 1502. A bill for the relief of Herman Trahn; without amendment (Rept. No. 500);

H. R. 3149. A bill to amend the act approved December 28, 1945 (Public Law 271, 79th Cong.), entitled "An act to expedite the admission to the United States of alien spouses and alien minor children of citizen members of the United States armed forces"; without amendment (Rept. No. 501);

H. R. 3958. A bill to extend temporarily the time for filing applications for patents and for taking action in the United States Patent Office with respect thereto; without amendment (Rept. No. 502); and

S. Res. 137. Resolution to make an investigation of the immigration system; with an amendment (Rept. No. 503), and, under the rule, the resolution was referred to the Committee on Rules and Administration.

By Mr. SPARKMAN, from the Committee on Banking and Currency:

S. 1487. A bill to remove restrictions upon loans by Federal agencies to finance the construction of certain public works; without amendment (Rept. No. 504).

TEMPORARY CONTINUATION OF REGULATION OF CONSUMER CREDIT—REPORT OF A COMMITTEE

Mr. BUCK. Mr. President, from the Committee on Banking and Currency, I ask unanimous consent to report an original joint resolution to authorize the temporary continuation of regulation of consumer credit, and I submit a report (No. 473) thereon.

There being no objection, the report was received, and the joint resolution (S. J. Res. 148) to authorize the temporary continuation of regulation of consumer credit, was read twice by its title, and ordered to be placed on the calendar.

REORGANIZATION OF DEBTOR RAILROAD CORPORATIONS — MINORITY VIEWS (PT. 2 OF REPT. NO. 432)

Mr. HAWKES. Mr. President, I ask unanimous consent to submit the views of the minority of the Committee on Interstate and Foreign Commerce to accompany the bill (S. 249) to amend the Interstate Commerce Act, as amended, and for other purposes, heretofore reported from that committee.

The PRESIDENT pro tempore. Without objection, the minority views submitted by the Senator from New Jersey will be received and printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, July 11, 1947, he presented to the President of the United States the enrolled bill (S. 564) to provide for the performance of the duties of the office of President in case of removal, resignation, death, or inability both of the President and Vice President.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FERGUSON:

S. 1609. A bill providing for the preservation of Fort Wayne Military Reservation, Detroit, Mich., for park use; to the Committee on Armed Services.

(Mr. REVERCOMB (by request) introduced Senate bill 1610, to incorporate the Society of the First Division, which was referred to the Committee on the Judiciary and appears under a separate heading.)

By Mr. THYE:

S. 1611. A bill to extend the time for completing the construction of a bridge across the Mississippi River at or near Sauk Rapids, Minn.; to the Committee on Public Works.

By Mr. AIKEN:

S. 1612. A bill to reduce expenditures and to promote efficiency and economy in the auditing of customs transactions; to the Committee on Expenditures in the Executive Departments.

By Mr. AIKEN (for himself and Mr. HATCH):

S. 1613. A bill to amend section 313 of the Federal Corrupt Practices Act by repealing the restrictions therein on political expenditures; to the Committee on Rules and Administration.

By Mr. JOHNSON of Colorado:

S. 1614. A bill to authorize the coinage of 50-cent pieces to commemorate the patriotic service of Gen. Maurice Rose and to perpetuate the General Rose Memorial Hospital as a historic shrine; to the Committee on Banking and Currency.

By Mr. COOPER (by request):

S. 1615. A bill for the relief of William L. Cunliffe; to the Committee on the Judiciary.

By Mr. MYERS:

S. 1616. A bill for the relief of Dyonisios Christ Pavlatos; to the Committee on the Judiciary.

(Mr. BUCK, from the Committee on Banking and Currency, reported an original joint resolution (S. J. Res. 148) to authorize the temporary continuation of regulation of consumer credit, which was ordered to be placed on the calendar, and appears under a separate heading.)

INCORPORATION OF SOCIETY OF FIRST DIVISION

Mr. REVERCOMB. Mr. President, I have before me at this time a copy of a bill which I am about to introduce, which bears the title, "A bill to incorporate the Society of the First Division." I am introducing the bill by request. Under it, if it is reported favorably and passed by the Senate, a number of the outstanding leaders of the great and historic First Division of our Army will incorporate their society, for the membership of those who served so gallantly in that division. Among the incorporators are Gen. George C. Marshall, Lt. Gen. Clarence R. Huebner, and many other distinguished soldiers of this country. I now ask unanimous consent at this time to introduce the bill for proper reference.

There being no objection, the bill (S. 1610) to incorporate the Society of the First Division, introduced by Mr. REVERCOMB (by request), was received, read twice by its title, and referred to the Committee on the Judiciary.

JOINT COMMITTEE TO INVESTIGATE HOUSING

Mr. McCARTHY (for himself and Mr. REVERCOMB) submitted the following concurrent resolution (S. Con. Res. 25), which was referred to the Committee on Banking and Currency:

Resolved by the Senate (the House of Representatives concurring), That there is hereby established a joint congressional committee to be known as the Joint Committee on Housing (hereafter referred to as the committee), and to be composed of seven Members of the Senate, of which at least three shall be members of the Senate Committee on Banking and Currency, and at least two shall be members of the Senate Committee on Labor and Public Welfare, to be appointed by the President pro tempore of the Senate and seven Members of the House of Representatives, of which at least three shall be members of the House of Representatives Committee on Banking and Currency, and at least two shall be members of the House of Representatives Committee on Education and Labor, to be appointed by the Speaker of the House of Representatives. A vacancy in the membership of the committee shall not affect the powers of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. The committee shall select a chairman and a vice chairman from among its members.

SEC. 2. The committee, acting as a whole or by subcommittee, shall conduct a thorough study and investigation of the entire field of housing, including but not limited to—

(1) the extent of the need for housing in the United States as a whole and in all areas thereof;

(2) the extent, if any, to which shortages in building materials are contributing to the shortage of housing;

(3) the reasons for the existing high costs of building materials and housing and the action which may be taken to reduce such costs;

(4) all factors of whatever kind or nature which contribute to the existing high costs of housing and which prevent the speedy construction of adequate housing to satisfy the needs of the Nation; and the action which may be taken to eliminate such factors;

(5) the extent to which archaic building codes contribute to the existing shortage and excessive cost of housing;

(6) the administration and operation of existing Federal laws relating to slum clearance, insurance of mortgages on housing, home loans, guarantees of veterans' housing loans, construction permits, veterans' preference in the renting and purchase of housing, rent control, and all other matters relating to housing;

(7) the availability of private capital and of Government loans to finance the construction of housing;

(8) the organization and operations of Government agencies concerned with housing; and

(9) such other problems and subjects in the field of housing as the committee deems appropriate.

SEC. 3. The committee shall report to the Senate and the House of Representatives not later than March 15, 1948, the results of its study and investigation, together with such recommendations as to necessary legislation and such other recommendations as it may deem advisable, and shall make its final report not later than January 2, 1949.

SEC. 4. The committee shall have the power, without regard to the civil-service laws and the Classification Act of 1923, as amended, to employ and fix the compensation of such officers, experts, and employees as it deems necessary for the performance of its duties, including consultants who shall receive compensation at a rate not to exceed $35 for each day actually spent by them in the work of the committee, together with their necessary travel and subsistence expenses. The committee is further authorized, with the consent of the head of the department or agency concerned, to utilize the services, information, facilities, and personnel of all agencies in the executive branch of the Government and may request the governments of the several States, representatives of business, industry, finance, and labor, and such other persons, agencies, organizations, and instrumentalities as it deems appropriate to attend its hearings and to give and present information, advice, and recommendations.

SEC. 5. The committee, or any subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Eightieth Congress; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer oaths, to take such testimony, to have such printing and binding done, and to make such expenditures; as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per one hundred words. Subpenas shall be issued under the signature of the chairman or vice chairman of the committee and shall be served by any person designated by them.

SEC. 6. The members of the committee shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the committee, other than expenses in connection with meetings of the committee held in the District of Columbia during such times as the Congress is in session.

SEC. 7. The expenses of the joint committee, which shall not exceed $, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of disbursements so made.

STUDY OF AGRICULTURAL LEGISLATION AND PROBLEMS

Mr. THYE (for himself, Mr. AIKEN, and Mr. YOUNG) submitted the following resolution (S. Res. 147), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed to make a study and inquiry into existing and pending agricultural legislation and of the trends, needs, and problems of agriculture in the United States.

SEC. 2. The committee shall report to the Senate at the earliest practicable date the results of its study, together with such recommendations as it may deem desirable.

SEC. 3. For the purposes of this resolution, the commitee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable. The expenses of the committee under this resolution, which shall not exceed $ ———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS—AMENDMENTS

Mr. McCLELLAN submitted two amendments intended to be proposed by him to the bill (H. R. 3950) to reduce individual income-tax payments, which were ordered to lie on the table and to be printed.

DEPARTMENT OF HEALTH, EDUCATION, AND SECURITY—AMENDMENT

Mr. AIKEN submitted an amendment intended to be proposed by him to the bill (S. 140) to create an executive department of the Government to be known as the Department of Health, Education, and Security, which was ordered to lie on the table and to be printed.

EXPEDITIOUS DISPOSITION OF CERTAN WAR HOUSING—AMENDMENT

Mr. PEPPER. Mr. President, I ask unanimous consent to submit for appropriate reference an amendment in the nature of a substitute intended to be proposed by me to the bill (H. R. 3492) to provide for the expeditious disposition of certain war housing, and for other purposes, and I request that a statement made by me before the Senate Committee on Banking and Currency on July 9, 1947, in connection with this matter, may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the amendment submitted by the Senator from Florida will be received, printed, and referred to the Commitee on Banking and Currency; and, without objection, the statement will be printed in the RECORD.

The statement presented by Mr. PEPPER is as follows:

STATEMENT OF SENATOR CLAUDE PEPPER, OF FLORIDA, ON DISPOSAL OF WAR HOUSING—H. R. 3492—BEFORE THE SENATE COMMITTEE ON BANKING AND CURRENCY, JULY 9, 1947

Mr. Chairman, I urge this committee not to report the Wolcott bill, H. R. 3492, and any other similar bills which are now before this committee.

The bill has five major provisions:

1. It would transfer responsibility for permanent war housing built under the Lanham Act from the National Housing Agency (where it is now lodged in the Federal Public Housing Authority) to the Federal Works Agency.

2. It would require that all permanent war housing be sold for cash and not later than December 31, 1948.

3. It would make the Federal Housing Administration responsible for appraising the reasonable value of the permanent war housing at the time of sale and would prohibit the FWA from selling at a price lower than this appraisal.

4. It would establish a specific system of preferences governing disposition of the permanent war housing. But the limitations of time within which to exercise preference would bar and prevent the great majority of veterans from benefiting under the act.

5. It would amend title VI of the National Housing Act so as to permit the Federal Housing Administration to insure mortgages on Lanham Act properties up to 90 percent of their appraised reasonable value.

The first of these provisions is quite obviously distinct from the other four. The policies governing disposition could be changed without transferring responsibility; or responsibility for disposition could be transferred without changing the policies.

MAJOR CONSEQUENCES OF THE BILL

If the bill should be enacted in its present form, it would have extremely far-reaching and harmful consequences.

A. It would disrupt a carefully planned program of permanent war-housing disposition which is now going forward on the basis of 2 years of intensive study and lengthy consultations with key officials in hundreds of local communities. Such consultations have now been completed in 234 communities covering 308 permanent projects. Under the bill, they would be wholly disregarded.

B. It would establish an impossibly tight and inflexible deadline for disposition of the 540 permanent projects. By requiring that all permanent war housing be disposed of before December 31, 1948, H. R. 3492 virtually compels the disposition of these properties at an almost frantic pace without regard for local plans or real-estate values, without regard for community wishes and recommendations.

C. The bill would result in a complete wastage of all the experience which the Federal Public Housing Authority has gained over the past 5 years in connection with this housing and transfer responsibility to another agency which has almost no familiarity with it.

It would also cast aside a large part of the preparatory work which FPHA has accomplished over the past 2 years looking toward the disposition of these permanent projects. Another agency would have a great many lessons to learn about these properties and almost no time in which to learn them.

D. The bill would prevent the transfer of permanent war housing to local communities for use in housing low-income families. Under the Lanham Act such transfers are permitted if Congress specifically approves in each case; under H. R. 3492, however, Congress would not even be given an opportunity to pass judgment on the requests of the local communities. Thus far, such requests have been registered by 47 communities covering 72 projects. All of these and any others received would have to be ignored under the terms of H. R. 3492.

E. By splitting off the permanent Lanham Act projects from other housing under Federal jurisdiction, H. R. 3492 would take the Government back to the chaotic conditions that prevailed before consolidation of Federal housing activities under NHA in February, 1942. Approximately 60 percent of the permanent Lanham projects are being managed under leasing arrangements by local housing authorities. Most of these authorities are also managing other types of housing which would be left under NHA's general supervision by the provisions of H. R. 3492. In a considerable number of cases, the housing transferred to FWA and the housing remaining under NHA are located on the same site and even use a common utility system. The inevitable result of the transfer would be a tremendous complication of management relationships and a large amount of administrative duplication and overlapping to say nothing of chaos in occupancy. Local agencies which now deal with one set of Federal officials would henceforth be required to deal with two.

F. The requirement that all the housing must be sold for cash would have the effect of favoring the large-scale operator who can readily command substantial sums of capital and of discriminating against the prospective home owner, or the family who can afford decent shelter only in federally subsidized housing developments.

Even though the bill provides for FHA insurance of 90 percent of the mortgages on these properties, there will undoubtedly be large numbers of veterans who would have difficulty in obtaining the necessary financing or in scraping together the 10 percent cash payment which cannot be insured. In the case of some of the larger projects, which may have to be sold as a unit, this cash payment alone would amount to several hundred thousand dollars.

G. Although the bill purports to give top preference to veterans for purchase of the permanent war housing, it would actually complicate the problem of purchase for a great many home-seeking veterans and might even work directly against their interests. The bill sets up a dual system of preferences. In cases where the projects can be subdivided for sale of the individual buildings, all buildings containing less than five apartments are to be disposed of to purchasers in the following order of priority: (1) occupants who are veterans; (2) prospective occupants who are veterans; and (3) occupants who are nonveterans. In the disposition of projects which cannot be subdivided and of buildings which contain more than four apartments, however, the only preference that is given is to a "private corporation, association, or cooperative society which is the legal agent of veterans who intend to occupy the war housing" to be purchased. This language is subject to two interpretations.

It may mean that the corporation or society purchasing the housing must be composed exclusively of veterans. In that case, the provision may be a serious handicap since experience indicates that it is extremely difficult to organize a group composed entirely of veterans for the purchase and operation of these projects. On the other hand, the language of the bill may mean that any organization which has itself appointed as the legal agent for a handful of veterans "intending to occupy" is fully qualified to exercise top priority for purchase of a 1,000-unit or even a 2,000-unit project. In that event, the bill would have the effect of freezing out the individual veteran.

H. The time schedule established for disposition of the properties is actually much tighter than might at first appear. At least a month or two, at the very minimum, will have to be allowed for working out the somewhat complicated features of the transfer and for FWA to acquire even an elementary familiarity with the properties. On top of this, many of the projects will have to be held for periods ranging up to 180 days before the priorities have expired. Finally FWA will have to make some allowance for disposing of those projects—and there probably will be many of them—which cannot be sold to the priority holders. Administrative prudence would seem to require at least 2 months to be reserved for this purpose at the end of 1948. As a result of all these deductions, the time schedule established by the bill becomes almost completely unworkable.

I. The requirement that all properties must be appraised by the Federal Housing Administration and that none of them may be sold at less than their appraised reasonable value seems designed to assure an adequate return to the Federal Treasury. In practice, however, this provision will probably prove to be a serious handicap since the responsibility for making the appraisals is placed in one agency and the responsibility for completing the disposition program within the allotted time schedule is centered in another. This division of responsibilities is not only contrary to all sound principles of public administration but might lead to widespread dumping of the properties on the local market. As the dead line approaches, FWA will almost certainly be left with a large number of properties on its hands which it has not been able to sell to priority holders within the established time limits. Investment purchasers, realizing that the Government is required to sell before the December 31 dead line, will undoubtedly make extremely low offers for this housing on a take-it-or-leave-it basis. FWA will then be faced with the equally illegal alternatives of either running beyond the dead line or ignoring the FHA appraisals. If the appraisals should be ignored, the property would be dumped on the market at bargain prices for the large-scale investors and at a heavy sacrifice of the financial interest of the Government.

If H. R. 3492 is enacted into law, there are at least 16 projects in the State of Florida that would be transferred to FWA and sold prior to December 1, 1948. These 16 projects contain 2,853 family dwelling units.

I believe that the passage of H. R. 3492 or any other bill pending before this committee would not be in the best interests of my State of Florida or in the best interests of the Nation as a whole.

Accordingly, I have drafted an amendment in the nature of a substitute to H. R. 3492, which would do the following:

1. Give the authority for sale of war-housing projects to the Commissioner of the Federal Housing Authority.

2. Provide a 5-year period, within which such projects shall be sold.

3. Provide for the insurance of war housing under title 6 of the National Housing Act, so that veterans may be able to purchase these properties with small cash down payments.

4. Give preference to veterans and their families or to veterans' cooperative housing groups to purchase dwellings for occupancy by less than five families.

5. Give preference in the case of dwelling designed for more than four families: first, to local public housing authorities; second, to cooperatives representing veterans; and, third, to towns and cities in the purchase of these properties. Under Public Law 132, Eightieth Congress, the Reconstruction Finance Corporation has power to make loans to States, municipalities, and other public housing authorities to finance the sale of these projects.

6. If the purchase is made by a veteran, then the dwelling cannot be sold for a period of 1 year from the date of purchase. For a period of 5 years from the date of purchase, if such dwelling is offered for sale by the purchaser, it must be offered to veterans in the same manner as prescribed for the original sale.

7. In the case of projects purchased by local housing authorities, preferences for rentals must be given to veterans.

8. Amend the Reconstruction Finance Corporation Act to restore the authority of the Reconstruction Finance Corporation in buying veterans' loans on housing up to 100 percent of the value.

In passing Public Law 132, extending the life of the RFC for 2 years, the Congress took away its authority to buy veterans' loans on housing at 100 percent of the value of the property. This leaves the ex-GI subject to prevailing conditions which are set by private banking. The RFC can no longer guarantee veterans' housing loans at 100 percent. Until the passage of this law, the RFC was purchasing these loans in the amount of $1,500,000 a day at a rate of 4 percent. Now veterans will have to pay at least 5 percent and will only get an 80-percent mortgage loan instead of 100 percent. This means that on a $10,000 home, a veteran will have to put up as much as $1,500 to $2,000 in cash

This maneuver adversely affects millions of our GI's, who are without permanent homes and who are struggling to reestablish their family life.

I wish to call to the attention of the committee that there was a provision in the extension of the RFC bill as passed by the Senate, giving the RFC substantially the authority provided by my bill, but was deleted by the House of Representatives and the bill became law without this authority. There is a grave danger that the appropriate lending institutions may not be able to dispose of mortgages in order that they may continue to make loans to veterans. Lending

institutions in my State have inquired of at least 20 insurance or mortgage companies all over the country as to whether or not they were interested in purchasing their loans. And all, except two, have replied that they have all the loans they care to purchase; they were not interested in acquiring GI loans. This means lending associations in my State must find an outlet for them because they have gone as far as they can under the laws of Florida in assisting veterans to secure homes under the GI bill of rights.

For this reason, I have inserted in my substitute bill a provision to restore this authority to the RFC. I should like to see the committee provide the necessary language to insure that the authority under this provision is not abused by unscrupulous real estate financing institutions, and thus take care of the fears expressed by members of the conference committee on the RFC extension bill.

I recommend that the committee consider the provisions in the Wagner-Ellender-Taft bill, as reported by this committee, as a basis for disposition for low-rent public housing, namely, that the property would be disposed of to a local public housing authority under the following conditions, which are not specifically provided for in my substitute:

1. That the authority would pay as the purchase price all net income to FPHA over a fixed period of years, which fixed period of years shall be determined on the basis of the estimated use for life of the project for decent, safe, and sanitary low-rent-housing purposes.

2. That the authority would utilize the project during the aforesaid fixed period of years for the sole purpose of providing decent, safe, and sanitary low-rent housing.

3. That the authority would not dispose of the project throughout the aforesaid fixed period of years.

4. That the property and assets of the local authority would be exempt from State and local taxation.

I urge the committee to adopt my substitute and recommendations.

WISCONSIN REPRESENTATION IN CONGRESS, 1848–1947 (S. DOC. NO. 76)

Mr. WILEY. Mr. President, on May 29, 1948, my State of Wisconsin will proudly celebrate the one hundredth anniversary of its admission into the Union.

I believe that it would be most interesting to the people of my State and of other States to have readily available a list of Wisconsin's representation in the Halls of Congress during this century.

Accordingly, I asked the Library of Congress to compile such a list, including those Badger legislators who served as committee chairmen.

As a courtesy to my State, I ask unanimous consent to have this list printed as a Senate document. I believe that other States may be interested on the occasion of their centennial in compiling similar lists.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

THE FREE STATE VERSUS THE POLICE STATE—ADDRESS BY JOHN FOSTER DULLES

[Mr. SMITH asked and obtained leave to have printed in the RECORD an address entitled "The Free State Versus the Police State," delivered by John Foster Dulles at the commencement exercises at Northwestern University, Evanston, Ill., on June 18, 1947, which appears in the Appendix.]

ADDRESS BY SENATOR LANGER BEFORE SENATOR LANGER RALLY

[Mr. LANGER asked and obtained leave to have printed in the RECORD an address delivered by him at Chicago, Ill., on May 25, 1947, under the auspices of the civic committee to welcome Senator LANGER, which appears in the Appendix.]

STATEHOOD FOR HAWAII—EXCERPTS FROM LETTER FROM MRS. GEORGE MELLEN

[Mr. LANGER asked and obtained leave to have printed in the RECORD excerpts from a letter from Mrs. George Mellen, dated June 17, 1947, which appear in the Appendix.]

PENSIONS FOR POSTMEN—EDITORIAL FROM NEW YORK TIMES

[Mr. LANGER asked and obtained leave to have printed in the RECORD an editorial entitled "Pensions for Postmen," published in the New York Times of July 10, 1947, which appears in the Appendix.]

NOMINATION OF ROBERT FRANKLIN JONES—EDITORIAL COMMENT

[Mr. BRICKER asked and obtained leave to have printed in the RECORD an editorial entitled "Liars and Their Sponsors," published in the Washington Times-Herald of July 11, 1947, also an editorial from Labor of July 12, 1947, which appear in the Appendix.]

LABOR-MANAGEMENT RELATIONS—LETTER FROM HARRIET LIEBSTER TO SENATOR TAYLOR

[Mr. TAYLOR asked and obtained leave to have printed in the RECORD a letter dated June 27, 1947, addressed to him by Harriet Liebster, of Philadelphia, Pa., which appears in the Appendix.]

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. WHITE. Mr. President, I ask unanimous consent that the subcommittee on health of the Committee on Labor and Public Welfare be authorized to sit during the session this afternoon.

The PRESIDENT pro tempore. Without objection, the order is made, and, without objection, the Senate Committee on Foreign Relations will be permitted to continue its present session with the Secretary of State until concluded.

Mr. BUCK. Mr. President, I ask unanimous consent that the Committee on the District of Columbia may be authorized to meet at 2 o'clock today.

The PRESIDENT pro tempore. Without objection, the order is made.

NOTICE OF HEARING ON NOMINATION OF ROY W. HARPER TO BE UNITED STATES DISTRICT JUDGE, EASTERN AND WESTERN DISTRICTS OF MISSOURI

Mr. WILEY. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Friday, July 18, 1947, at 10 a. m., in the Senate Judiciary Committee room, room 424, Senate Office Building, upon the nomination of Roy W. Harper, of Missouri, to be United States district judge for the eastern and western districts of Missouri, vice Hon. John Caskie Collet, elevated. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Missouri [Mr. DONNELL], chairman; the Senator from Oklahoma [Mr. MOORE]; and the Senator from Mississippi [Mr. EASTLAND].

REDUCTION OF INDIVIDUAL INCOME TAXES

The Senate resumed the consideration of the bill (H. R. 3950) to reduce individual income-tax payments.

The PRESIDENT pro tempore. House bill 3950 is before the Senate and is open to amendment. If there be no further amendment——

Mr. MILLIKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Conor
Barkley	Hickenlooper	O'Daniel
Brewster	Hill	O'Mahoney
Bricker	Hoey	Overton
Bridges	Holland	Pepper
Brooks	Jenner	Reed
Buck	Johnson, Colo.	Revercomb
Bushfield	Johnston, S. C.	Robertson, Va.
Butler	Kem	Robertson, Wyo.
Byrd	Kilgore	Russell
Cain	Knowland	Saltonstall
Capehart	Langer	Smith
Capper	Lodge	Sparkman
Chavez	Lucas	Stewart
Connally	McCarran	Taft
Cooper	McCarthy	Taylor
Cordon	McClellan	Thomas, Okla.
Donnell	McFarland	Thye
Dworshak	McGrath	Tydings
Eastland	McKellar	Umstead
Ecton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Martin	White
Fulbright	Maybank	Wiley
George	Millikin	Williams
Green	Moore	Wilson
Gurney	Morse	Young

Mr. WHERRY. I announce that the Senator from New York [Mr. IVES] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family.

Mr. LUCAS. The Senator from California [Mr. DOWNEY] is absent by leave of the Senate.

I announce that the Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a delegate to the International Labor Conference at Geneva, Switzerland.

The Senator from New York [Mr. WAGNER] is necessarily absent.

The PRESIDENT pro tempore. Ninety Senators having answered to their names, a quorum is present.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. THYE in the chair). The Senator will state it.

Mr. MILLIKIN. What is before the Senate at the present time?

The PRESIDING OFFICER. The bill itself, H. R. 3950. The bill is open to amendment.

Mr. MILLIKIN. When we closed this subject temporarily yesterday, the Senator from Arkansas [Mr. MCCLELLAN] was speaking to a community-property amendment which he intends to offer. The understanding was that the junior

Senator from Arkansas [Mr. FULBRIGHT] would resume the discussion this morning. I inquire if the junior Senator from Arkansas is on the floor?

Mr. McCLELLAN. He was, just a moment ago.

Mr. MILLIKIN. Mr. President, it is apparent that if an amendment is not pending it is necessary to proceed to discuss the bill.

Mr. FULBRIGHT entered the Chamber.

Mr. MILLIKIN. I see the Senator from Arkansas [Mr. FULBRIGHT] is now in his seat. May I ask if he is ready to proceed?

Mr. FULBRIGHT. I am ready to proceed. However, I have a luncheon engagement with a constituent, and I had thought I would speak afterward.

Mr. MILLIKIN. Then, I shall yield to the junior Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, before I discuss the amendment, which is to be offered by the senior Senator from Arkansas together with several other Senators, including myself, I wanted to say a few words about the reduction of taxes in general.

Mr. President, on October 26, 1945, I made some remarks on the floor of the Senate with regard to the repeal of the excess-profits tax, at the time we were considering the Revenue Act of 1945. The point I made then, and the point I make now with regard to the reduction of taxes in general, relates primarily to the timing of such reduction. I realize that tax reduction is desirable at any time. It is a popular thing. It is very difficult to persuade people that delay of such desirable action as tax reduction is for their best interest. I think, however, the remarks I made on October 26, 1945, were very appropriate, and I believe the economic development since that time, and particularly during the winter of 1945 and early spring of 1946, justified the reasoning I indulged in at that time. I merely wish to read a few excerpts from the remarks I made then, and I want to emphasize the timing of the remarks with regard to the economic development, especially in labor relations, wages, and the increase in prices that followed the action of the Congress in repealing the excess-profits tax. I quote from the remarks I made at that time:

> Mr. President, the main reasons for high wartime taxes, including the excess-profits tax, were, first, to hold down the deficit and the need for borrowing, particularly from the banking system; second, to reduce inflationary pressures at a time of greatly excessive demands for goods and services relative to supply; and, third, to curb profiteering out of the war.

I think all three of those reasons are still to a very great extent applicable to the present situation. In fact I think the continuation of inflationary conditions to this period is to a great extent attributable to our hasty, premature action in the fall of 1945.

I continue to read from the remarks I made on that occasion:

> These underlying reasons for maintaining high taxes apply with equal or even greater force during the critical period of reconversion, because, first, we still face a heavily unbalanced budget; every dollar of Government expenditures not raised by taxes will have to be borrowed, and to the extent that banks furnish these funds new supplies of money will be added to the already enormous accumulations of liquid funds in the hands of the public as a result of war financing; second, demands, both domestic and foreign, upon our economy are and will continue for an indefinite period to be greatly in excess of supply; and, third, the profits to be made in the next year, at least, will be a direct result of war expenditures and thus just as much war profits as if they were derived while hostilities were still in progress.
>
> Taxation is the last real bulwark against inflationary forces because of the weakening or removal of other controls, such as the War Labor Board exercised over wages and hence prices, or such as the WPB exercised in the construction field.
>
> Since the basic problem today is one of shortages of goods in relation to demand and purchasing power, prudent fiscal policy requires that high taxes be maintained in order to reduce the deficit so far as possible. Not only is the backlog of demand unprecedented, but the supply of money in the hands of prospective customers is at an all-time high and will be further increased as reconversion and employment in peacetime occupations occur. The situation would be entirely different if we were confronted with a progressive deflation and inventories were in excess of effective demand. Then the problem would be to create more demand for goods and to give employment, and fiscal policy would call for first reducing taxes on the lower incomes.

Then I pointed out that repeal of the excess-profits tax at that time was entirely unjustifiable, because we gave the relief in the corporate field to the corporations which were best able to pay, just as the pending bill gives relief primarily to those in the highest income brackets, or, in other words, to those best able to pay the taxes.

There is one other passage in the remarks I made on that occasion which I think is particularly appropriate, as will be realized if Senators will recall the developments which took place in our economy shortly after the passage of the act of 1945. I read:

> To sum up, if any reductions are to be made at this stage, they should benefit primarily those at the bottom of the income scale, not those individuals and corporations best able to pay taxes. Repeal of the excess-profits tax, in particular, not only favors the few and the financially strongest corporations but it would grant them these benefits, including refunds, at the Government's expense, when revenue is of critical importance; it sets an example in pocketing what are, in fact, war profits that makes it difficult to argue that labor should be denied correspondingly large wage increases; and the effect is to invite the familiar wage-price upward spiral.

I submit that is exactly what took place, and began, as a matter of fact, within a month after the passage of that act, and we are still reaping the effects of that action. It will be recalled that it was within a month that the General Motors strike began and lasted for a number of weeks, and that that was the beginning of the breaking of the wage level—of the Little Steel formula. We have had since then a succession of increases all around the circle, and, as Senators know, a similar result came about with the repeal of the law creating the Office of Price Administration.

I continue reading:

> The underlying need at this stage is not to arrest a deflationary spiral and to put funds into the hands of people who will spend them or to offer special tax inducements to business to produce. The basic underlying need is to restore as rapidly as possible a budgetary situation which will maintain faith in the currency and preserve the buying power of the billions invested in Government securities and other savings. This is particularly important in view of the present campaign to sell an additional large number of Government bonds.

Mr. President, I think the action taken by Congress at that time was ill-considered, was premature, and I think we have been paying for that mistake ever since.

Mr. President, I think the timing of the tax-reduction bill now before us is likewise premature, and I think enactment of the bill will contribute to the prolongation of the period of inflation. I believe it will cause a much greater inflation than would result if we should continue the present tax rate. In other words, the argument in connection with the bill is not whether there should be tax reduction at any time. It really comes down to the timing of the reduction.

Mr. President, it seems to me the problem now facing the country is not so much one of increasing production and inducing further investment in productive capacity, but the real problem is to attain some stability in our economy; that is, that every measure affecting our economy should be designed to prevent anything which will contribute to an undue deflation; in other words to try to smooth out the great variations in our level of production and employment.

I think the proposed tax reduction is premature. If the effect of the tax reduction at this time will be what the sponsors say it will be, I do not believe that effect would be a proper one. The sponsors say we now need inducement for further investment of capital to build greater productive capacity. I think that is the wrong result to seek at this time. I think the time will come when the present productive machinery begins to become more obsolete, when production begins to fall, when the much discussed recession takes place, when an incentive to greater profits will be very important, and I think then will be the time to reduce taxes along with other measures designed to increase employment and production. As I say, it is certainly premature at this time.

We have only to notice yesterday's newspapers to see further very tangible signs of the increase in the inflationary spiral. The price of wheat went up yesterday from 3 to 5 cents. Corn went up another 5 cents; and, as Senators know, it has reached an all-time high of $2.25. Wheat likewise is now at an all-time high. So I believe that to add further fuel to the inflationary spiral is bad timing and bad fiscal policy. It seems to me that we are simply "jumping the gun," so to speak, and are losing sight of one of the main objectives of our fiscal policy.

In general, I feel that tax reduction is premature at this time. It was said that

we were going to have deflation after the war. We have had intimations from time to time that deflation was starting in the soft goods industries. However, when we look at the profits of the first quarter of this year—not only profits before taxes, but actual dividends paid by business—they are the highest in the history of the country. So the fears have not materialized, and I am glad of it. But if we were at all sensitive to the present economic conditions of the country we would respond by adapting our fiscal policy to those conditions.

I think the genesis of this proposal was at a time when we really feared a recession. Last fall and last winter we talked a great deal about a recession. I believe that the fact that we were aware of the possibility and discussed it, and that business people were aware of it, contributed to the prevention of its materialization. Businessmen began to let up on their purchases for inventory, and there was a slight recession in the winter. There was little overbuying.

But business has now caught on again, and the evidence of the recession has disappeared. I believe that the recent figures on employment surprised everyone. They surprised everyone with whom I have talked. Members of the Finance Committee and other Members of the Senate were surprised at the great increase in employment revealed by the report at the beginning of this month. So the fears of deflation have not materialized. I think that fact calls for an adjustment of our fiscal policy to take account of the situation.

The decision of the majority party last fall to go through with tax reduction does not seem to me to be justified by the development of events. I think it would be much wiser from the point of view of the welfare of the country to adopt a policy in accord with events. When the signs develop, and there is some evidence that we are going into a period of deflation, at that time I shall certainly support tax reduction.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Arkansas yield to the Senator from Colorado?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. The Secretary of the Treasury, in his testimony before the House Ways and Means Committee, states that it requires about a year for an income-tax reduction bill to develop its full effects. Does the Senator believe that in the world in which we are living, considering the rapidity of present-day developments, we can anticipate a recession a year in advance?

Mr. FULBRIGHT. No. I should say, in view of our experience, that our anticipation has proved faulty. We cannot anticipate it a year in advance. But I think it would be time enough to correct it when we have some evidence of it. Then we can proceed to correct it by enactment of the reduction—in other words, putting into effect the incentives which are supposed to be the justification for this bill. By this bill we are anticipating a depression or recession, and one argument is that, therefore, we need a tax reduction.

Mr. MILLIKIN. Does the Senator believe that we have a right to compel the income earners of this country to work from 14 days a year to 275 days a year for the tax collector because times are good?

Mr. FULBRIGHT. I do not think there is any arbitrary number of days or hours that anyone could set as a proper number to work for the Government. I think that what is significant is the overall condition. It is what a person has left, his standard of living after he has paid his taxes or performed any of his other duties as a citizen. I believe that the standard of living in this country today is much higher than it is in any other country in the world. If the standard is maintained, I think it is justifiable for the good of the people themselves, in order to prevent a complete blow-out at the top and a complete depression such as we had in 1932, to work for the Government the number of days mentioned by the Senator.

Mr. MILLIKIN. I suggest that there may be a fallacy in the Senator's argument because of a failure to give proper attention to the time lags involved between the effective date of a tax-reduction act and the developing need for capital in small business and large business. I believe that we should have the benefit of protection against recession in advance of the time when the recession comes.

I suggest to the Senator that it is perfectly obvious that when we get into the brackets from which we get our investment money for small businesses, and take away from those in those brackets a third or a half of their income in taxes, they are foolish to engage in risk ventures. We cannot wait until we are confronted with a recession before we commence to plow capital back into business.

I suggest that it is foolhardy to assume that because big business has been running on wartime accumulated surpluses that condition will contine forever. I suggest that our small businesses are now in need of capital. I suggest that the equity part of big business is now clamoring for equity investment. I suggest that the managerial part of our industry is handicapped at the present time because there is no incentive for the acceptance of increased responsibility and increased work.

I suggest that it is too late to wait until the machine is collapsing before we commence to plow back into the economic system those things which will continue to maintain it. I suggest that that is the one-horse-shay philosophy—the philosophy that the wagon is operating all right now, and hence it will continue forever to run all right—as distinguished from the theory of keeping the wagon in good repair as we continue to use it. The distinguished Senator, being in the wagon business, will know exactly what I am talking about. I am sure he will concede that I have made a very happy figure of speech in my argument to him.

Mr. FULBRIGHT. I will say to the Senator that our wagons are of such excellent quality that they will last practically forever. [Laughter.] If we can only manage the fiscal policy properly, we shall not have terrific recessions. The economy will run along smoothly, like a Springfield wagon, from now on. That is exactly what I am trying to achieve.

Mr. MILLIKIN. I have heard of the Senator's fine wagons. They bear a national reputation for their excellence. But in the end even the Senator's wagons will wear out. Even if they do not wear out, it would be a mistake to put the cart before the horse.

Mr. FULBRIGHT. Basic in the Senator's argument is his prophecy that a depression will be upon us next year. I submit that he cannot, with any greater justification than other experts in the Government, prophesy what is going to be the case. At the present time I cannot see a single tangible sign, either in prices or in any other factor of our economic system, which indicates that the depression is beginning. In fact, the signs are all to the contrary. Within the past 2 weeks there has been a new lease on the inflationary spiral.

Mr. MILLIKIN. I am inclined to agree that those who do not predict an early recession have the better of the argument, but in the management of our fiscal policy I suggest that it is only prudent to base calculations on some recession. In the budgetary set-up we are figuring on a recession from the present rate of national income payments of $178,000,000,000 to an average of $170,000,000,000. Obviously, if it were to average out that way, it would take us seven or eight points below $170,000,000,000. That would increase present unemployment of probably 2,000,000 people to four million or four-and-one-half million. An unemployment figure of four million or four-and-one-half million does not denote a cataclysmic state of unemployment. It is not what the technicians call a drastic recession. I suggest, however, that it is a prudent estimate of recession, and if we do not meet it we are all to the good. If it should develop, we have made provision for it.

Mr. FULBRIGHT. My answer to that would be that it is just as prudent to assume that in a recession we will have uncontrolled unemployment.

Mr. MILLIKIN. Will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. I should like most respectfully to oppose the doctrine that because of fears of inflation we have a right to take money out of the taxpayer's pocketbook on the theory that we can spend it better and in a more lethargic fashion than he himself can spend it.

Mr. FULBRIGHT. The Senator is entirely in error in making such an assumption. What I am in favor of is that the money be not spent at all; that it be applied upon the debt. In that sense it will tend to stabilize our economy. I am in thorough accord with the Senator's ideas about reducing expenditures, but I think that for the good of the taxpayers,

in whom the Senator is interested, they will fare much better in the long run if the money is spent on the debt and if the economy is held as nearly as possible to a stable level, rather than encouraging an inflation, ending up in the ruination of all the middle-class and small investors in this country.

Mr. MILLIKIN. There is a theory that in an era such as that of the present time we should apply to the reduction of the debt all surplus. It has been unanimously decided by the Senate that we ought to apply not less than $2,600,000,000 of surplus annually to the reduction of the debt. Let me make this suggestion to the Senator: There is a great deal of doubt as to the wisdom of concentrating all surplus into debt reduction in times such as the present. The taxpayers and the citizens of this country bought their bonds with 90- and 80- and 70-cent dollars, but an official policy that would pay them off with 50-cent dollars might not be entirely agreeable to those bondholders. I think we can carry those arguments, as we can carry so many arguments, just a little too far, and there is a balanced course that we ought to follow.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, before we get too far away from the discussion of recession against which this plan is made, I should like to call attention to something that I was reading during the discussion. When Mr. Emerson P. Schmidt, director, economic research department of the United States Chamber of Commerce, testified before the Joint Committee on the Economic Report day before yesterday the distinguished Senator from Vermont [Mr. FLANDERS] asked him to comment on tax reduction. My understanding is that the United States Chamber of Commerce has recommended tax reduction. This is their economic research director who is speaking, and in answer to the question of the Senator from Vermont:

How would you criticize the pending new tax bill?

Mr. Schmidt had this to say:

The bill is based probably on the prediction of a recession in 1948. If a recession does take place, which I doubt, I think the tax reduction would be ill advised. Anything that will stimulate capital formation would be well advised. How that works out is a very complicated matter.

Then a little later I pursued the matter a little further and asked him this question:

Did I understand you correctly to say that the proper form of tax legislation would be that that would create incentive capital or would give an incentive for capital investment?

Mr. Schmidt replied:

That is right.

Senator SPARKMAN. And you mentioned about three things there. Will you repeat them? One I know is double taxation of dividends. Is that one?

Mr. SCHMIDT. Yes, capital gains tax and corporate tax, and of course you have to think of the buyer or the consumer. After all he has to take the produce off the market.

Then he went on.

I think it would be well to read this discussion, because we hear a great deal about the justification of a tax reduction, that it will increase purchasing power, that it will give people more money with which to buy goods. But this is what Mr. Schmidt said about it:

My own conviction has been all during the war and subsequently, that then, to this day, I do not think we have quite lived up to our money supply, our currency and bank deposit plus other liquid sorts of money or near money. I do not think we have quite lived up to it, because normally we had a dollar of money for each two or three dollars of national income and the national income has grown enormously. The prewar norms prevail, our price level is still too low considering the money supply, and sometime we have got to increase our productive capacity per man-hour so we can adjust the present wage structure, because I think wages are too high for prices.

He went on and elaborated on that, to the effect that we have an excess of purchasing power today; that any tax reduction program based upon increasing purchasing power is wrong; that the right kind would be to furnish incentive capital. He mentioned three things specifically, not one of which is included in this bill. He mentioned the double taxation of dividends, corporate taxes, and one other that I mentioned a few minutes ago. He specifically excluded any tax legislation that would increase the purchasing power of consumer goods.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. I am quite sure that if this bill contained provisions doing away with the double taxation on dividends and if it contained provisions for more benefits to corporations in the way of capital gains, the excitement on the Democratic side of the aisle in this Chamber would be 10 times what it is now.

So far as Mr. Schmidt's economic theories are concerned, I should like to study them in toto before taking the liberty of making a criticism. But the President himself in a recent speech said that the mass consumer purchasing power is running out, as is evidenced by the demand that we extend the period within which installment payments may be made.

This bill has a two-pronged effect. It releases the greater part of its benefit to what might be called the mass consumers. It releases the rest to people who may be in position to make investments. I think we have balanced the two as well as can be done in a practical measure. A tax bill is not an exercise in logic; it is not a syllogism. Many practical things must be considered, as everyone within the hearing of my voice knows.

We have tried to present a well-balanced bill. I repeat that if we have no recession, that will be all to the good; but if we do have a recession, then by enacting this bill we shall have adopted a far-sighted position to ameliorate its effects.

Mr. FULBRIGHT. Mr. President, what if we have an inflation?

Mr. MILLIKIN. I think the answer to an inflation in the true sense of the word is to be found in one of the remarks which was made by Mr. Schmidt. If we keep on, if the price of goods continues to rise in relation to the supply of money, it is perfectly apparent that we either have to have less money or we have to have more goods for the money. The way to get more goods for the money is to have a constant reduction in the unit price of goods, and that is a matter completely out of the control of the Government. The Congress cannot legislate a decrease in the unit price of goods. That is a problem, I suggest, for management and labor. If they cannot meet it, we have no magic formulas here with which to meet it.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LUCAS. I do not wish to disillusion my friend, the Senator from Alabama [Mr. SPARKMAN], after he has quoted from Mr. Emerson Schmidt, of the Chamber of Commerce of the United States; but I distinctly recall that in 1945 when the unemployment compensation bill was under consideration by the Finance Committee, of which the able Senator from Colorado was then a member, we heard Mr. Schmidt testify that in his opinion by the following spring of 1946 we would have from fifteen million to twenty million persons out of employment. Mr. Schmidt placed the unemployment figures higher than did any other expert who appeared before our Finance Committee. As a result of that testimony, I must confess that I have had little confidence in Mr. Schmidt's estimates since that time.

The truth of the matter is, Mr. President, that the more I see of experts, the less confidence I have in them. We cannot get two experts to agree upon anything. We have had that experience before the Finance Committee in regard to this tax bill, as the Senator from Colorado well knows.

I merely make that little observation because the testimony of Mr. Schmidt would not impress me one way or the other.

Mr. FULBRIGHT. Mr. President, I thank the Senator for his observation. I am not acquainted with Mr. Schmidt.

Mr. LUCAS. He is a fine gentleman, but he is like nearly all the experts, in having a lot of mystic theories about almost everything.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. I wish to make it clear that I was not offering Mr. Schmidt as an authority for my standpoint, but he is the one who came before the committee in response to the invitation to the Chamber of Commerce of the United States to send a witness to testify. We have had so much of that in support of this tax bill that I have wondered just whom we could depend upon for what.

Mr. LUCAS. I have never had very much faith in the Chamber of Com-

merce of the United States from the beginning, and every time Mr. Schmidt testifies in its behalf, I have less faith in its prognostications and its advice and counsel to the country and to the Senate about economics and about what we should do in regard to important measures before us.

Mr. FULBRIGHT. Mr. President, one point brought out by the Senator from Colorado was about the reaction of Senators on this side of the aisle to any suggestions about eliminating double taxation on corporate dividends, and so forth. However, I wish to remind the Senator that I was strongly in favor, and I think the majority of Senators on this side of the aisle were strongly in favor, of the exemption for small corporations under the excess-profits tax. We voted to increase it, first, to $25,000, as I recall, and then to $50,000.

If the Senator is concerned about the bringing of capital into the small corporations, let me say that to my mind that is the best way I know of to give some incentive to small corporations, which I think are the beginning of the large corporations. In other words, I consider the small corporations to be the backbone of our economic system, and I certainly would support them now, for reasons which are very similar to the reasons for which I am supporting the amendment offered in regard to the equalization of payments. In other words, its motive is not tax reduction as such from the national viewpoint, but it has a specialized objective, namely, to encourage investments in small corporations and to enable them to compete as well as possible with the larger corporations. In that respect, there are specific measures which can be taken to encourage the investment of risk capital.

But coming back to the general proposition of the effect of this bill on our economy, let me say I still believe that it is bad timing to reduce taxes on personal incomes at this time.

Although I know that I, as well as other Senators, have constituents who would like to have income taxes reduced, on the other hand I am quite gratified by the small number of letters I have received from my State during the discussions of this bill. If persons who favored this bill were ever going to write letters to me, they would be writing them now. I have received only a few letters. I think that is sufficient testimony to the good sense of those persons who know that they are relatively well off, not only in terms of past conditions in this country, going back to the early thirties, as compared to conditions in any other country in the world, but in terms of present conditions and future prospects. I think they are interested, not in trying to make greater and greater profits now, but in some way in maintaining as nearly as possible the level they have achieved; and I think they are perfectly willing to pay taxes or to make other sacrifices if they beliieve that will contribute to the maintenance of the standard of living somewhere near to what they now have.

If we reduce taxes now in a substantial way, I fear that action will contribute to the already existing inflationary period and will make the depression only that much more severe and will make it last longer and cause the same destruction of values and the loss of homes and all the other things which we experienced in 1930 and 1932. It seems to me that if we take the proposed step, we shall simply be following the same old road; and I believe that if we do that in relation to our fiscal policy, such action will be bound to result in the same conditions which existed at the end of the 1920's.

I am only asking that we try to be a little more farsighted and make some sacrifice now in order to prevent that extreme variation in the level of industry and the standard of living in this country. That is really what it comes down to—a matter of timing.

I understand from the remarks of the chairman of the Committee on Finance that the bill is based on the assumption that there will be a depression next year. He said I could not anticipate there would be inflation, and I do not think he is any more justified in making his assumption than I am in arriving at mine. The signs today, especially in the home town of the Senator from Illinois, Chicago, all indicate the opposite of his prediction.

Mr. LUCAS. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. LUCAS. I confess I did not hear all the debate between the able Senator from Arkansas and the able Senator from Colorado, but a part of the evidence that was submitted before the Committee on Finance, and the arguments that were made before that committee by the majority party, were based upon the fact that we are going to have an income of $176,000,000,000 for the fiscal year 1948. That was the real basis for the tax bill, as I understood the arguments presented before the Committee on Finance of the Senate.

In other words, the majority party is constantly raising the issue of the amount of money the Treasury will receive for the fiscal year 1948, and, as everyone knows, the Treasury is now receiving income based on a national income of $176,000,000,000 per annum, according to the last report.

I undertake to say that any tax bill based upon that kind of premise is based upon a false premise, because no one knows what may happen to that income before the year expires. I am grateful to the Republicans of the Senate for basing an income tax on an income such as that now being produced under a Democratic administration. It is a great tribute to the Democrats, who are in power at the present time, that the majority party can base a tax bill upon the revenues now being produced.

As was stated a moment ago, I should add that the employment in this country is at the highest peak ever reached in the peacetime history of the United States. There are comparatively few people out of employment at the present time, which also speaks well for this administration.

Mr. FULBRIGHT. I take it that the Senator from Illinois thinks the Republicans have great confidence in the ability of the Democrats to manage affairs.

Mr. LUCAS. There cannot be any question about it. They have not indulged in any talk before the committee about a recession. The able Senator from New Jersey [Mr. HAWKES] even argued before the committee that he thought there would be a national income next year of at least $180,000,000,000. It speaks well for the confidence the majority have in the Democratic administration for being able to keep employment at an all-time high in the history of the Nation, and the receipts from income taxes and other taxes at an all-time high, as well.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. The Senator from Arkansas has stated over and over again that this is not the right time to reduce taxes. What I wish to ascertain is when will be the time. Will it be sometime after January 20, 1949?

Mr. FULBRIGHT. I cannot say when is the right time, and I do not think the chairman of the Committee on Finance or anyone else can say just when the conditions will come about which will justify tax reduction. My idea is that tax reduction should be responsive to the economic conditions in the country.

I do not say that without regard to the fact that we have the present great national debt. That is certainly something to consider. I do not think we can regard merely the immediate business conditions. But in view of the debt, and taking into consideration the great activity at present, I think the time to reduce taxes would be when we believed there was evidence of a drop in the national income and of a recession coming. I think in order to achieve the purpose of increased incentive and increased investment, and the like, we should have not only reduction as a general matter but the specific things we discussed a moment ago, such as special exemption for small business. We had discussion back in 1945 about increasing the exemptions in the collection of excess-profits taxes. I think that is a tool which could be very helpful in preventing the great gyrations in our economy. I think the No. 1 objective is to prevent going clear up to the top and then down to the bottom. It is stabilization in which I am directly interested.

Mr. JOHNSON of Colorado. Mr. President, if the Senator will yield, let me say that I have always been disturbed about the time to reduce taxes, and unable to understand just why a good time is when we have a depression. Tax revenue is brought about by two things: One is a levy, and that is what we are talking about today; the other is the volume of the income. The levy must be used against the volume, and when there is a depression, if income drops off, as it will drop off, then if we reduce the levy at the same time we are going to have a double reduction in the revenue produced.

I wonder if there ever is a good time to reduce the levy. My understanding is that the best time to reduce the levy is when the levy is unnecessarily high. I think we are in that sort of condition today, and I think the American people, by a tremendous majority, feel that the tax levy today is too high, and that therefore this is the time to reduce the levy. Whether the best time is in a time of depression or in a time of high employment, it seems to me it would be pretty hard to have a tax levy that would be adjustable on that kind of a basis because, as we know, the waves of employment come and go, and we cannot follow them and keep up with them in our tax levy. We have to establish our levy and then the revenue will depend upon the income.

Mr. FULBRIGHT. The Senator and I probably disagree about the use of the fiscal policy for achieving any purpose other than the collection of a net amount of money. I think there was a time, certainly before the First World War, when that was the proper theory, but under present conditions, with the debt as it is, and with the interrelationship of the influences of the fiscal policy, the one assumption on which I proceed is that the fiscal policy has an influence, and is a legitimate tool to be adjusted to prevent wild gyrations.

I take it, from what the Senator has said, that he believes that is not a proper thesis at all. If that is true, we simply disagree as to one of the considerations in arriving at the use of the tax policy, or how to use it. I said it should be responsive to the conditions in some degree. In the twenties taxes were reduced and a part of the debt was paid off and we had a terrible inflation. Then those in power tried to increase taxes, at least to maintain them. I think that only emphasized the depression and made it that much worse. I think it would have been perfectly proper to maintain the taxes and pay off even more of the debt, the great benefit in that case being not so much the reduction of the debt, but the fact that wild deflation of securities like that which occurred in 1929 would be prevented. The destruction of values throughout the country in the depression was so much greater than anything involved in the fiscal policy at that time.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator.

Mr. FLANDERS. I should like to ask the Senator from Arkansas if I understand him rightly to feel that high taxes should accompany inflation, and low taxes, deflation?

Mr. FULBRIGHT. I do not think it is the last word. It is one of the elements when an inflationary boom, so to speak, exists, as I consider it to exist at the present time, and in view of the great debt that exists, I feel that if taxes are maintained at a high level, not only can the people appear to pay without feeling the pinch, but the effect is to some extent to prevent further accentuation of the boom. The stream of purchasing power, at least in the hands of consumers, is lessened and the debt which usually accrues is paid into banks and into the monetary system. I admit that is not ironclad, and that a portion of the money resulting from reduction of the debt gets back into the investment stream, but I think there is a certain influence upon control of the purchasing power.

Mr. FLANDERS. I should like to say to the Senator from Arkansas that I received this morning a copy of an interesting letter from a member of the Joint Committee on the Economic Report or from a member of the staff; I am unable to identify him immediately. The letter is addressed to the chairman of the Joint Committee on the Economic Report. In it the writer criticized what he felt to be the assumption on the part of, we will say, certain members of the committee, that we were headed toward a continued inflation. He stated that, on the contrary, there was great probability of an early deflation. If that prophecy is correct—and I do not, myself, place on my own shoulders the mantle of prophecy he did—I would suggest that perhaps tax reduction is timely on the basis of the Senator's analysis.

Mr. FULBRIGHT. As I understand it, though, the Senator is not assuming to prophesy that those conditions will come to pass. If the conditions should materialize, I would agree, if I believed, and if there were signs, other than the testimony of expert witnesses such as Mr. Schmidt and others, and if there were anything taking place in the economic field to substantiate it; in other words, if prices of commodities and the demand for automobiles were slackening off, I should then have nothing to say; I would agree that the bill is timely. That is the only difference. Not long ago I inquired as to the possibility of buying a new Dodge automobile, locally. I was told there would be a delay of a year and a half, that I could place an order, but that the prospect of delivery was so remote that a deposit would not be accepted. That is the condition that prevails at least in the local automobile market. Senators know what is happening in the commodity market. What evidence is there today in any field of business activity that the deflation will occur in the near future? It seems to me it is more apt to parallel the condition in 1926 and 1927, requiring 2 or 3 years. Coupled with that is the tremendous debt. If the country is to be faced with unemployment, with benefit payments, with demands for pump priming, and so on, in connection with Federal works, which are being delayed under the present appropriation bills, what would be better than to collect a little money during the boom and have it available and ready to be used for that purpose, when the depression comes? I admit I think it is very likely to come, but I do not see signs of it as yet. My theory is that it is a matter of timing; it is not that taxes should never be reduced. I have never said that.

FLOODS IN THE REPUBLICAN RIVER BASIN AND THE MISSOURI RIVER VALLEY

Mr. WHERRY. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. WHERRY. Mr. President, I wish to make a brief statement relative to flood losses through the entire area of the Republican River Basin and the Missouri River Valley. On June 23 the senior Senator from Nebraska and I reported the loss of lives and the billions of dollars in property damage which had been sustained at Cambridge, Nebr., and adjoining points in the basin of the Republican River, from a disastrous flood which brought a 5-foot wall of water down Medicine Creek at 5:30 a. m. on Sunday, June 22. Medicine Creek is a tributary of the Republican River.

I am appealing to the conferees on the Interior Department appropriation bill and to the Senate Appropriations Committee, especially the Army Civil Functions Subcommittee, now considering flood control and relief, to give all possible consideration to the emergency needs of the area described under the program authorized by Congress in the 1944 flood-control bill.

I should like to call to the attention of the present occupant of the chair and other Senators the fact that in the testimony adduced yesterday before the Civil Functions Subcommittee, of which I am a member, the Army engineers, through General Wheeler, the head of that great organization, the loss sustained in the June flood in the Missouri River area was said to have exceeded $110,000,000. Some of the finest soil of Middle Western States went down the river. In addition, there was loss of life. The amount included damage to sewer system, electric light lines, railroads, and farm lands. An independent agency, of Kansas City, Mo., which conducts surveys, was employed by the chambers of commerce of Kansas City, Mo., Kansas City, Kans., and other important cities along the Missouri River to make a survey of the flood damage. Their report showed that the damage exceeded $120,000,000. The figures therefore are not fictitious; they are very reliable. They afford some idea of the problem that confronts the Senate as we vote on appropriations to continue the program already authorized, to prevent floods, which cause such great damage not only to personal property but to the real value of States included in the Missouri River Basin.

This morning, I received a telegram advising that another flash flood occurred at Culbertson, Nebr., late yesterday, when a 5-inch rain, lasting only 45 minutes, nearly washed that town off the map. Think of it—one flood right on top of the other. A flood was also caused in the basin of Medicine Creek, a tributary of the Republican River. Let me read into the RECORD the report from H. D. Strunk, president of the Republican Valley Conservation Association, of McCook, Nebr., giving preliminary reports of damage from this latest flood.

Mr. President, I ask unanimous consent that the telegram be printed at this point in my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

McCOOK, NEBR., *July 11, 1947.*

Senator KENNETH WHERRY:

Just made trip west. Water over highway seven places from McCook to Culbertson.

Every dry canyon and creek overflowing over lowlands and highways. River running full bank to bank here 2 hours ago. Flash rains all the way from 2 to 6 inches. Cambridge basements now filled with water and people evacuating the town. Six inches of water reported north of Cambridge late this afternoon with about same fall in some localities west. All communications out in that territory. Lester Simes, highway department, says Fox Creek and Curtis Creek highest in history which dumps into Medicine Creek. Both creeks sending water over highway bridges. Small dikes built by people of Cambridge washed out, and people moving again after trying to rehabilitate themselves. Dry creeks running full and out over lowlands west of McCook destroying farm lands and destroying crops and threatening lives. This is the picture this morning at 2:15 by a damn good reporter. Nobody knows what conditions are on headwaters of Red Willow, Medicine, and other tributaries because of lack of communication.

H. D. STRUNK.

Mr. WHERRY. Mr. President, it is indeed unfortunate that the Engineer Corps is prevented by statutory prohibition from aiding flood-stricken communities like Cambridge and Culbertson, and other cities in Nebraska and elsewhere, unless damage has been sustained by reason of breaks in existing dikes and levees erected by the Engineer Corps under previous authorization of Congress.

We can and do vote flood-relief funds, as the Congress did several weeks ago when we appropriated $12,000,000, but we cannot say: "Here, Army engineers, is a sum of money in the civil functions appropriation bill with which we expect you to repair immediate damage, and then proceed to spend a portion of that fund to prevent a recurrence of the flood damage the very next day."

Actually, some of our Nebraska cities and towns already have had heavy flood damages three and four times this year.

Since the Bureau of Reclamation has been assigned the task of building multiple-purpose reservoirs for flood control and irrigation in the Republican Basin, aside from the Harlan County Dam, we have to get all our funds from the Bureau of Reclamation, and the Congress does not appreciate that such funds are vital to the very protection of lives. Nor do the residents of our flood-stricken States understand why flood-control funds do not come from the flood-control bill.

I feel that Congress will want to realine these functions at the first opportunity. We are now in the awkward position of being willing to spend any necessary funds after the horse is stolen, but unable to spend anything to buy a lock for the barn door to prevent the theft. That does not make sense.

Mr. President, I thank the distinguished Senator from Arkansas for having given me the opportunity to make my statement because as committees meet and consider the reclamation policy in connection with the War Department civil-functions bill, it seems to me that not only should a correction in legislation be made respecting purposes for which money might be spent but also we should consider further appropriations based upon the recommendations of the Army engineers in a program which I feel is absolutely necessary for the protection of life, limb, and property in this wide area in which great floods have occurred not only during the present year but annually in the past.

Mr. FULBRIGHT. Mr. President, I want to commend the Senator from Nebraska for the remarks he has just made concerning the floods on the Missouri River. On the Arkansas River and the White River in my State floods have been occurring for years. We are thoroughly in sympathy with the people of the flooded areas on the Missouri River. We understand the terrible conditions that exist there. So far as I am concerned I am willing to do all I can to formulate proper measures for the prevention of floods in the future. It seems to me to be perfectly senseless that a policy be followed which results in subjecting large areas of the country to disastrous floods year after year.

Mr. WHERRY. I thank the Senator from Arkansas for his remarks. I know he is in total sympathy with the areas I am speaking of because he himself has had similar experience in his State. The reason I rose to speak at this time was to call attention to another disastrous flood which has come on top of the other floods that have occurred in the Missouri River Basin. I am appealing not only to the committees handling the reclamation features for the Missouri River contained in the civil-functions bill but to all committees which have in charge legislation dealing with flood control.

Mr. FULBRIGHT. There are many bad things in connection with floods, but the one good thing about them is that they call attention to the need for flood prevention. Flood prevention, of course, we all agree, is of far greater importance than providing relief for those who suffer from floods.

ECONOMY—REAL AND IMAGINED

Mr. MYERS. Mr. President, I had prepared certain remarks that I had hoped to deliver today on the floor. Unfortunately, I have developed a heavy cold and a bad throat. I therefore ask unanimous consent that my remarks, including newspaper articles and tables, may be printed in the RECORD at this point.

There being no objection, the remarks of Mr. MYERS were ordered to be printed in the RECORD, as follows:

Mr. President, I can understand the concern voiced here the other day by some of the Members of the majority party over the President's action in recent weeks in sending messages to Congress on some of the bills which he has signed, as well as on those he has vetoed. The implication was even made that such action on the President's part is in some way unconstitutional, perhaps. I would say his action certainly shows a lack of appreciation on the part of the President for the discomfiture of the Republican Party. It is only natural that the Republican leadership should scream in anguish.

But what are the facts which the President has called to the attention of Congress—and, of course, to the people of America—in his messages on these bills? Are his facts wrong? No. The complaints are lodged not against his facts—and I am speaking now of the messages in connection with the phony and larcenous rent-control bill and the one on the Treasury-Post Office appropriation. The facts the President cited were not disputed; they were merely brushed aside as unfair and political.

The message he sent us on the bill to decontrol rents as of March 1 and to raise the rents of the Nation's renters between now and then by 15 percent—with the alternative of tremendous increases after March 1 if they do not give in to the coercive 15-percent demand now—that message, I repeat, was designed to give the facts and not to assuage any of the qualms of conscience which Members of the majority party must have felt at the time they jammed through that iniquitous measure. In addition to investigating lobbyists' influence on this legislation, we would do well to look into our own hearts and consciences.

Mr. President, we do not need any soothsayers or star-gazers to tell us what will happen next March. Last Thursday's newspapers carried an Associated Press story which tells factually, objectively, and unimpassionately, what is happening, already.

The rent-decontrol bill removed controls from hotels. Here is what the AP story in the Washington Star said about the result:

"Permanent residents in many hotels throughout the Nation have received notices their rents are to be increased—ranging upward"—

Mr. President, I repeat, upward—

"from 15 percent."

The Washington Star headline said: "Hotels in many cities boost resident rents 15 to 300 percent."

Permanent guests paying monthly rates were immediately notified they were going to be put on daily rates, at an increase in many cases of 100 percent or more. Increases of 150 percent, 200 percent, and so on, were not rare, according to this article.

This all happened, Mr. President, immediately after the new rent-decontrol bill became effective last Tuesday.

The complete article reads as follows:

[From the Washington Star of July 2, 1947]

"HOTELS IN MANY CITIES BOOST RESIDENT RENTS 15 TO 300 PERCENT

"Permanent residents in many hotels throughout the Nation have received notices their rents are to be increased—ranging upward from 15 percent.

"Although an increase of 15 percent was the most frequently reported as the hotels were freed from controls under the new Federal rent law, there were instances of rent increases of from 25 to 165 percent.

"There also were reported isolated cases of extreme increases—of 300 percent for a resident of a Denver tourist camp, and 200 percent at a St. Louis hotel. New York City reported increases up to 50 percent were fairly common and one hostelry raised rates 125 percent.

"In contrast to increases by some hotels, there were others in some cities which announced there would be no increases in rents for permanent residents. These included the Stevens in Chicago, the world's largest; the Somerset in Boston and the White Plaza in Dallas, Tex.

"SOME CONFUSION REPORTED

"In some cities many hotels did not disclose their immediate plans under the new law. Some confusion was reported among tenants and landlords alike as they sought interpretation of the act. Federal rent offices were swamped by callers seeking explanation.

"In Denver, Gov. Lee Knous, of Colorado, said he had received reports of several 'sharp' rent jumps, including the tourist-camp resident whose rent was raised to $240 a month.

In Los Angeles, H. K. D. Peachy, acting area rent director, said there was evidence of eviction notices in wholesale quantities over Los Angeles County. He advised tenants to await court action.

"Most of New York's hotels started increasing rents 15 percent, but realty interests in the Nation's largest city expressed alarm over the size of some increases in residential and apartment hotels. A tenant in a fashionable midtown hotel was advised his rent would be raised from $80 a month to $180.

"Hotels in some cities, including New York, Chicago, Atlanta, and Philadelphia, advised permanent residents who have been paying a monthly rental at reduced rates that they would be billed on a daily basis. In some cases this would more than double rent payments.

"EVICTION NOTICES SERVED

"In Chicago, where hotel officials said 15 percent was the average increase with a few cases of increases up to 100 percent or higher, some hostelries served eviction notices on tenants, using that method to have undesirable guests vacate.

"In Los Angeles, residents of one fashionable apartment house on Sunset Boulevard said they had received rent raises of 100 to 165 percent with notices that their building had been converted into a hotel.

"Philadelphia reported most hotels planned 15 percent rate increases and elimination of inequalities which favored some tenants paying less than others for comparable quarters. One hotel increased rates 50 percent, from $100 monthly to a straight $5 daily rate."

One of the witnesses appearing before the Joint Committee on the Economic Report, a businessman who has no time for any kind of Government controls in the economic field at any time other than in time of total war, told us he was all for repeal of all rent controls now, and predicted that, if that were done, the housing situation would clear up nicely—in several years.

I asked what would happen to the tenants in the meantime. He said some would suffer, of course, but that, after all, very few would really be taken advantage of because the real-estate industry would treat them kindly.

Mr. President, everyone in the hearing room just smiled at that.

The rent-decontrol bill has been rather thoroughly discussed here, and I do not at this time want to go much further in the discussion. What I really want to discuss is the bill the President signed to appropriate funds for the Treasury and Post Office Departments.

As in his message on the rent measure, the President in this instance sent us a message which went directly to the heart of this legislation and made straight and courageous and incisive analyses of its features.

This appropriation bill, and particularly its cut of $20,000,000 in enforcement funds for the Bureau of Internal Revenue, has been characterized by the Philadelphia Bulletin as a "gift to tax chiselers." The Bulletin, which is not a New Deal newspaper and which is not insofar as I know, particularly anxious to help the Democratic Party, states in an editorial July 1, that, looked at from the narrow viewpoint of a smaller Federal pay roll, in the dropping of income-tax investigators, the bill does save some money for the taxpayers. But, it adds, "The trouble is that it saves chiseled money for tax chiselers, and forces honest taxpayers to make up the difference."

This editorial, which I shall insert in the RECORD following my remarks, states that experience has proved the wisdom of the Government in putting a corps of special income-tax investigators to work and says this has resulted in collecting hundreds of millions of dollars in taxes which otherwise would not have been collected. (See exhibit A.)

The editorial also declares that as a result of this bill and the cut in internal-revenue funds, 52 agents in Philadelphia will be dropped, with a probable cost to the Government in uncollected taxes of about $4,000,000 a year. I have checked into this matter and I think the Bulletin took or was given a figure on the number of dismissals which falls far short of the actual number. The figure of 52 cited in the editorial refers, according to my information, to employees in the main office of the Internal Revenue Bureau in Philadelphia, and among them may be a number of stenographers and other clerical help, in addition to tax-collection and audit specialists. Of course, all of these employees are important to the service and the service will suffer and so will tax collections as a result of their dismissals. The real damage to the tax-collection program, however, and the open invitation to the tax chiselers, arises largely in the field, where the Philadelphia collection district must drop 142 of its 435 field deputies. These field deputies are the tax experts who go out and dig into the individual cases of persons who either fail to file on their incomes and to pay their taxes or who file returns which indicate the need for special auditing. This is the front line of your enforcement army.

Based on their 1946 fiscal year performance, these 142 deputies in the Philadelphia region field offices would bring in $5,919,696 in taxes in the next year, taxes which otherwise would not be paid.

Yes, firing them is economy, all right. It saves the Government about $454,400 in salaries for these 142 men and costs the Government nearly $6,000,000 in taxes, or a net loss of $5,465,296.

That is really cutting the budget all right—at both ends. The only trouble is that it cuts the receipts part of the budget a whole lot more than it cuts the expenditures part.

Over the entire country, the $20,000,000 cut in internal revenue enforcement funds—mind you, Mr. President, this is supposed to be a reduction in Government extravagance—will cost the Government in taxes just about 20 times that much or $400,000,000. To save a dollar in order to lose $20 is hardly my idea of economy and good business in government, but it is the type of economy the majority party is determined to pursue.

In my State alone, in Pennsylvania, which pays on the average about 7.88 percent of all Federal taxes, the Government will save $1,514,000, in tax-collection expenses as a result of this bill, and then lose about $30,000,000 in uncollected taxes, using that same ratio of 20 to 1 which has stood up steadily in internal revenue experience.

The Government has been spending altogether in Pennsylvania in recent years, about $13,706,000 to collect taxes, and this has brought back to the Treasury in taxes the grand total in the 1946 fiscal year of $3,207,000,000. Most of this return has come in properly and voluntarily from the patriotic citizens of Pennsylvania. But the field deputies, 265 of whom in all of Pennsylvania were fired as a result of this false economy in the Treasury appropriation bill, brought in $11,662,020 of that at a modest cost in salaries and expenses. The average deputy in the field brought in much more each month than his total salary for an entire year. Would any other business that you could think of fire producers like that in order to save the cost of their salaries?

No wonder, when the House first passed its original bill cutting the Bureau of Internal Revenue $30,000,000, foreshadowing losses in tax collections of about $600,000,000, that the Philadelphia Inquirer, also a conservative Philadelphia newspaper and vigorously pro-Republican, described the cut as inexcusable and demanded, in an editorial which I inserted in the Appendix of the RECORD March 19, on page A1115, that rather than a cut in internal revenue collection funds, the Congress should increase these funds and provide even more money than the President asked for so that collection is assured of every dollar justly due the Government.

The Senate, when it first acted on this bill, recognized the validity of spending a dollar to collect $20 in chiseled taxes and restored $25,000,000 of the $30,000,000 cut out by the House. The bill went to conference.

When it came back it represented a great victory, a tremendous achievement for the Senate position. The conference bill threw out $15,000,000 of the $25,000,000 put in by the Senate and allowed only $10,000,000 of the original $30,000,000 House cut to be restored. The Senate conferees said the House conferees wouldn't budge another nickel's worth, and so the Senate of the United States, although recognizing the utter ridiculousness, and the poor business reflected in the House position, caved in and gave in and now the Republican Party can boast of cutting bureaucracy and Government spending in the Internal Revenue Bureau to the magnificent tune of $20,000,000, a substantial amount, but an amount which will hurt us twentyfold.

I have a break-down on how this cut will operate in Pennsylvania, in each of the three collection districts there. In the Philadelphia district, the first collection district, 3,045,093 persons filed returns during the 1946 calendar year. The total collections in the 1946 fiscal year—they are not yet available for the 1947 fiscal year—amounted to $1,729,686,082.77—a sizable proportion, out of southeastern Pennsylvania alone, of the entire national collections, and more, I am sure, than many States.

They had 782 employees in the collector's office and 435 in the field when they rolled up this total, or, altogether, 1,217 employees. Under this bill, they will be reduced by 194 employees, including the 142 deputy field collectors I mentioned earlier.

These field collectors, of which there were 435 last year, brought in, during the 1946 calendar year, in delinquent or evaded taxes, in 145,045 cases, the grand total of $17,958,931—a lot of taxes. This is money the Government would not otherwise have received.

Each of these field deputies averaged 28 cases a month and brought in an average of $3,474 a month. This is more than their average yearly salaries. For the entire year, each of the field deputies averaged 336 cases, for a return to the Government in otherwise uncollected taxes of $41,688. The total amount of taxes, otherwise uncollected or uncollectible, which these 435 deputies brought in that year, as I said earlier, was $17,958,931. The 142 which are now dismissed brought in nearly $6,000,000 of that amount.

The production of these deputies per man was likewise splendid in the western end of the State, in the twenty-third collection district at Pittsburgh. There 304 deputies in the field handled 84,114 cases in the 1946 calendar year, averaging 26 cases per man per month for a return of $4,225 per man per month, and now 96 of those 304 have been dismissed at a cost of about $5,000,000 in taxes they would have collected, or an average for each for the year of 312 cases and $50,700. The total collections in this area of Pennsylvania in the 1946 fiscal year were $1,162,468.04.

In the twelfth collection district of Pennsylvania, at Scranton, where collections in the 1946 fiscal year were $314,812,720.64, a staff of 111 field deputies handled 31,276 cases for the 1946 calendar year for a total of $3,516,887 in otherwise uncollected taxes,

or an average of 24 cases per deputy per month for a return of $2,701 per man per month or a total average for the year of 288 cases per man and $32,412. Twenty-seven of these 111 field deputies have been fired. The result will be a loss of $875,124 in taxes in this part of Pennsylvania.

The total of tax losses throughout the State as a result of cutting the funds for collection purposes in Pennsylvania by $1,500,000 or so will run about $30,000,000, as I said earlier. This includes production from all the employees who have been dismissed—not only those out in the field who dig up the facts but those who process the cases in the offices.

Any business which practiced this sort of economy would soon economize itself into bankruptcy.

The insidious thing about this reduction in income-tax enforcement funds is that, as the Philadelphia Bulletin says, it invites the chiseler to take a chance. We all know that the Bureau cannot process every single return and only hits a certain percentage of them. Knowing that the odds against his return being studied carefully will go up tremendously as a result of this bill, the chiseler might well take a chance. This is bad from an enforcement standpoint; it is tragic, however, from a moral standpoint. The utter disregard of law we saw become so widespread during the prohibition era would, if revived in connection with this solemn and vitally urgent problem of income-tax collections, cause a complete break-down of American civic responsibility.

The wage earner, whose taxes are deducted from his pay each week, would see others flagrantly evading their tax responsibilities merely because the Government won't spend the money to enforce the tax laws.

Yes, Mr. President, we will, under this bill, really be making good the Republican campaign promises of tax reduction, effective immediately. What could not be done in a bill to reduce taxes would now be accomplished by default, by letting the taxpayer take a chance on evading his taxes. The element in our population least entitled to any consideration on income taxes, the chiselers and the wartime black marketeers, would indeed reap a harvest from the Republican performance on this campaign promise.

In addition to crippling Internal Revenue Bureau enforcement, the bill shoved through by the majority party makes a substantial cut—one of those Republican phony cuts—of $800,000,000 in tax refunds. This is a big saving in the budget, no doubt. But we all heard the other day that in the fiscal year just ended the Treasury had to pay back more than twice as much as the Congress has provided for refunds this year. The figure was $3,000,000,000 of refunds—the same as the figure for the previous year. The Treasury estimated it would need about $2,108,000,000 this year for refunds, and the Congress has provided only $1,200,000,000. This will run out probably about April 1. Unless the Congress then provides the money, all refunds—refunds required by law—will automatically stop and the claims against the Government will begin drawing 6 percent interest until the refund money is available for payment.

It is good business to avoid paying 6 percent interest, if you can, on an obligation you have to pay, anyway, and might as well pay quickly if you have the money to pay it. We save nothing by deferring these refunds at a cost of 6 percent interest. We lose money that way.

In the past year the Treasury saved something like $3,300,000 in interest charges on tax refunds, as compared to the previous year, by acting promptly to pay the claims for refunds before they rolled up interest.

Mr. President, I shall insert here in the RECORD the tables I had prepared showing the tax returns from each of the three Pennsylvania collection districts, the personnel figures, and the production—total and average per man—of the field deputies.

TABLE 1.—*First collection district of Pennsylvania: Philadelphia*

Returns filed all classes, 1946 (calendar year) 3,045,093
Total collections, 1946 (fiscal year) $1,729,686,082.77

Personnel	Original	Adjusted	Decrease
Office	782	730	52
Field	435	293	142
Total	1,217	1,023	194

	Cases	Amount
Total field production, calendar year 1946	145,045	$17,958,931
Average per deputy per month	28	3,474
Average per deputy per year (1946)	336	41,688

Estimated loss in taxes this year as a result of dismissing 142 field deputies $5,919,696

TABLE 2.—*Twelfth collection district of Pennsylvania: Scranton*

Returns filed, all classes, 1946 (calendar year) 875,267
Total collections, 1946 (fiscal year) $314,812,720.64

Personnel	Original	Adjusted	Decrease
Office	229	210	19
Field	111	84	27
Total	340	294	46

	Cases	Amount
Total field production, calendar year 1946	31,276	$3,516,887
Average per deputy per month	24	2,701
Average per deputy per year (1946)	288	32,412

Estimated loss in taxes this year as a result of dismissing 27 field deputies $875,124

TABLE 3.—*Twenty-third collection district of Pennsylvania: Pittsburgh*

Returns filed, all classes, 1946 (calendar year) 2,186,326
Total collections, 1946 (fiscal year) $1,162,063,468.04

Personnel	Original	Adjusted	Decrease
Office	554	517	37
Field	304	208	96
Total	858	725	133

	Cases	Amount
Total field production, calendar year 1946	84,114	$13,505,826
Average per deputy per month	26	4,225
Average per deputy per year (1946)	312	50,700

Estimated loss in taxes this year as a result of dismissing 96 field deputies $4,867,200

TABLE 4.—*Totals for Pennsylvania*

Total tax collections in the 1946 fiscal year	$3,207,000,000
Amount of appropriation spent in Pennsylvania in 1947 fiscal year	13,706,000
Amount of $20,000,000 Internal Revenue Bureau cut to be applied in Pennsylvania	1,514,000
Estimated loss in taxes as a result	30,280,000

EXHIBIT A

[From the Philadelphia Bulletin of July 1, 1947]

GIFT TO TAX CHISELERS

Stories that have been cropping up regularly all over the country in recent months have shown the wisdom of the Government action in putting a corps of special income-tax investigators to work in 1942.

Treasury reports show that these investigators have brought the Government hundreds of millions of dollars that otherwise wouldn't have been collected.

Now 52 members of the local force are to be dropped, and the head of the unit estimates that with their departure hope of collecting $4,000,000 of taxes will also disappear. This is of a piece with other congressional "economies" recently revealed.

Dropping one of these investigators cuts $3,500 out of the salary budget. Dropping 52 men cuts out $282,000 in salaries. Extend the cut to the whole country and the figure looks big enough to justify Congressmen in calling attention to their passion for saving the taxpayers' money.

As to the vastly larger amounts that will be lost on the income side—well, if they aren't collected nobody will know about them. All the public will see is the saving in salaries.

Looked at one way, the reduced corps of investigators does save money for taxpayers. The trouble is that it saves chiseled money for tax chiselers, and forces honest taxpayers to make up the difference.

EXTENSION OF TITLE III OF SECOND WAR POWERS ACT AND THE EXPORT CONTROL ACT—CONFERENCE REPORT

Mr. WILEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3647) to extend certain powers of the President under title III of the Second War Powers Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act shall be cited as the 'Second Decontrol Act of 1947.'

"FINDINGS OF FACT AND DECLARATION OF POLICY

"SEC. 2. (a) Certain materials and facilities continue in short supply at home and abroad as a result of the war. The continued exercise of certain limited emergency powers is required to complete the orderly reconversion of the domestic economy from a wartime to a peacetime basis, to protect the health, safety, and welfare of the American people, and to support the foreign policy of the United States.

"(b) The Congress hereby declares that it is the general policy of the United States to eliminate emergency wartime controls of materials except to the minimum extent necessary (1) to protect the domestic economy from the injury which would result from adverse distribution of materials which continue in short world supply; (2) to promote production in the United States by assisting in the expansion and maintenance of production in foreign countries of materials critically needed in the United States; (3) to make available to countries in need, consistent with the foreign policy of the United States, those commodities whose unrestricted export to all destinations would not be appropriate; and (4) to aid in carrying out the foreign policy of the United States.

"TEMPORARY RETENTION OF CERTAIN EMERGENCY POWERS

"SEC. 3. To effectuate the policies set forth in section 2 hereof, title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"'SEC. 1501. (a) Except as otherwise provided by statute enacted during the Eightieth Congress (including the First Decontrol Act of 1947 and Public Law Numbered 145, approved June 30, 1947) and except as otherwise provided by subsection (b) of this section, titles I, II, III, IV, V, VII, and XIV of this Act and the amendments to existing law made by such titles shall remain in force only until March 31, 1947. After the amendments made by any such title cease to be in force, any provisions of law amended thereby (except subsection (a) of section 2 of the Act entitled "An Act to expedite national defense, and for other purposes", approved June 28, 1940, as amended) shall be in full force and effect as though this Act had not been enacted.

"'(b) Title III of this Act and the amendments to existing law made by such title shall remain in force until February 29, 1948, for the exercise of the powers, authority, and discretion thereby conferred on the President, but limited to—

"'(1) the materials (and facilities suitable for the manufacture of such materials), as follows:

"'(A) Tin and tin products, except for the purpose of exercising import control of tin ores and tin concentrates;

"'(B) Antimony;

"'(C) Cinchona bark, quinine, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired;

"'(D) Materials for export required to expand or maintain the production in foreign countries of materials critically needed in the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for manufacture and delivery of the materials required for such export;

"'(E) Fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap powder, but excluding petroleum and petroleum products) and rice and rice products, for the purpose of exercising import control only; and nitrogenous fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export;

"'(F) Materials (except foods and food products, manila (abaca) fiber and cordage, agave fiber and cordage, and fertilizer materials), including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for the manufacture and delivery of the materials required for such export: *Provided*, That no such priority based on a certification by the Secretary of State shall be effective unless and until the Secretary of Commerce shall have satisfied himself that the proposed action will not have an unduly adverse effect on the domestic economy of the United States; and

"'(2) The use of transportation equipment and facilities by rail carriers.

"'(c) Notwithstanding the extension through February 29, 1948, made by subsection (b), the Congress by concurrent resolution or the President may designate an earlier time for the termination of any power, authority, or discretion under such title III. Nothing in subsection (b) shall be construed to continue beyond July 15, 1947 any authority under paragraph (1) of subsection (a) of section 2 of the Act entitled "An Act to expedite national defense and for other purposes", approved June 28, 1940, as amended, to negotiate contracts with or without advertising or competitive bidding; and nothing contained in this section, as amended, shall affect the authority conferred by Public Law 24, Eightieth Congress, approved March 29, 1947, or the Sugar Control Extension Act of 1947.'

"TEMPORARY EXTENSION OF CERTAIN EXPORT CONTROLS

"SEC. 4. To effectuate the policy set forth in section 2 hereof, section 6 (d) of the Act of July 2, 1940 (54 Stat. 714), as amended, is amended to read as follows:

"'(d) The authority granted by this section shall terminate on February 29, 1948, or any prior date which the Congress by concurrent resolution or the President may designate.'

"EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT

"SEC. 5. The functions exercised under title III of the Second War Powers Act, 1942, as amended (including the amendments to existing law made by such title), and the functions exercised under section 6 of such Act of July 2, 1940, as amended, shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of sections 3 and 10 thereof.

"ADMINISTRATION BY SECRETARY OF COMMERCE

"SEC. 6. (a) The Secretary of Commerce, subject to the direction of the President, shall have power to establish policies and programs to effectuate the general policies set forth in section 2 of this Act, and to exercise over-all control, with respect to the functions, powers, and duties delegated by the President under title III of the Second War Powers Act, 1942, as amended, and section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended. The Secretary is further authorized, subject to the direction of the President, to approve or disapprove any action taken under such delegated authority, and may promulgate such rules and regulations as may be necessary to enable him to perform the functions, powers, and duties imposed upon him by this section.

"(b) The Secretary shall make a quarterly report, within thirty days after each quarter, to the President and to the Congress of his operations under the authority conferred on him by this section. Each such report shall contain a recommendation by him as to whether the controls exercised under title III of the Second War Powers Act, 1942, as amended, and section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended, should or should not be continued, together with the current facts and reasons therefor. Each such report shall also contain detailed information with respect to licensing procedures under such Acts, allocations and priorities under the Second War Powers Act, 1942, as amended, and the allocation or nonallocation to countries of materials and commodities (together with the reasons therefor) under section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended.

"PERSONNEL

"SEC. 7. Notwithstanding any other law to the contrary, personnel engaged in the performance of duties related to functions, powers, and duties delegated by the President under the Second War Powers Act of 1942, as amended, and section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended, and whose employment was terminated, or who were furloughed, in June or July 1947, may be reemployed to perform duties in connection with the functions, powers, and duties extended by this Act.

"APPROPRIATIONS

"SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this Act.

"EFFECTIVE DATE

"SEC. 9. This Act shall take effect on July 16, 1947."

And the Senate agree to the same.

Amend the title so as to read: "An Act to extend certain powers of the President under title III of the Second War Powers Act and the Export Control Act, and for other purposes."

ALEXANDER WILEY,
JOHN SHERMAN COOPER,
PAT MCCARRAN,
Managers on the Part of the Senate.

EARL C. MICHENER,
RAYMOND S. SPRINGER,
FADJO CRAVENS,
Managers on the Part of the House.

Mr. WILEY. Mr. President, I ask unanimous consent for the immediate consideration of the conference report.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. WILEY. Mr. President, I move the adoption of the report.

The report was agreed to.

Mr. COOPER. Mr. President, I should like to make a brief statement to correct some statements made during the debate on this measure. During the debate last Thursday, a great deal of interest was indicated in the practice of the Department of Commerce with respect to the distribution of licenses upon the so-called historical basis. Questions about the practice were asked by the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Washington [Mr. MAGNUSON], the Senator from New Jersey [Mr. SMITH], the Senator from Colorado [Mr. JOHNSON], and the Senator from Oklahoma [Mr. THOMAS]. The Senator from Oklahoma offered an amendment to prohibit the use of the so-called historical basis rule. In support of his amendment, he suggested that certain decisions of the Federal courts had made that practice invalid. In resisting his amendment, I agreed with his conclusion. At this time I should like to clear up some misstatements which were made at that time, because I believe that in part the statements made at that time were in error.

As I have said, Mr. President, the Senator from Oklahoma [Mr. THOMAS] offered an amendment to prohibit the use of the so-called historical basis rule in the distribution of export licenses under the Export Control Act. When the amendment was proposed I objected to its adoption, among other reasons, on the ground that the historical basis rule had been held invalid, and that there could be no arbitrary division of export licenses in the future. I felt at that time that the provision in section 5 of the Senate bill permitting judicial review of

administrative action in accordance with the provisions of section 10 of the Administrative Procedure Act granted sufficient safeguards in the event of arbitrary administrative action.

Since that time I have reexamined the question and I am of the opinion that the cases cited by the Senator from Oklahoma which held the historical basis rule to be invalid are not applicable to the situation presented here, namely, the distribution of export licenses on the historical basis. The reasons why I have come to that conclusion are as follows:

Section 203 (b) of the War Mobilization and Reconversion Act of 1944—which was the statute at issue in the cases cited by the Senator from Oklahoma—provides that executive agencies exercising control over materials shall permit the expansion of production for nonwar use of such materials without regard to the historical basis rule. The President, through the Secretary of Commerce, does not determine allocations for production under the Export Control Act as contemplated in such section 203 (b). He simply distributes among applicants, in as fair and equitable a manner as possible, licenses to export materials within the amount allocated therefor. The cases cited by the Senator from Oklahoma were cases in which the historical basis had been used by certain executive agencies in connection with production of materials for nonwar use and section 203 (b) clearly prohibited the use of such rule in such cases.

That was not the situation which confronted the Senate last Thursday. I stated that I did not endorse the use of any particular ratio such as 85 to 15, which happens to be the rule used in the case cited by the Senator from Oklahoma. I also stated that I did not think the Senate was in any position to suggest what division would be the most just and equitable division.

I am advised by officials of the Department of Commerce that in some instances where the materials available for export are sufficient to cover all applications made, they are divided up equally among the applicants. In other cases, where the applications far exceed the quantity of materials available for export, it has been the policy of the Department to foster and help reestablish prewar trade channels and enterprises, and to promote as many new enterprises in the export field as possible within the limits of available supplies for export. In my opinion it is an administrative problem with which Congress is unable to deal effectively.

I also stated during the debate that a right of appeal under section 10 of the Administrative Procedure Act would probably lie in any case in which an arbitrary division of export licenses was made. While I do not wish to express it as my firm opinion as to whether that is a correct or an incorrect statement, I should like to point out to the Senate that judicial review under section 10 of the act does not lie from agency action where such "action is by law committed to agency discretion."

The Export Control Act delegates a broad authority to the President "to prohibit or curtail the exportation of any articles, technical data, materials, or supplies, except under such rules and regulations as he shall prescribe." It seems to me that this broad delegation of authority, which, by the way, has been held constitutional in *United States* v. *Bareno* (50 Fed. Supp. 520), leaves the method of export licensing completely in the discretion of the President, which he has in turn delegated to the Secretary of Commerce.

If it is subsequently held that the action of the Secretary of Commerce in using the historical basis rule is action which is by law committed to agency discretion, such action will not be subject to judicial review under the Administrative Procedure Act. But irrespective of that, injunctive relief is always available in the case of arbitrary administrative action, and that was the relief sought and granted in the cases referred to by the Senator from Oklahoma.

As I stated during the course of the debate, the following facts were brought out in the hearings: In this year, it is estimated, exports will approximate $15,000,000,000 to $17,000,000,000 in value. Controlled exports will amount to about $4,500,000,000. There is a field between the total exports and the controlled exports of approximately $12,000,000,000 of exports which new exporters can enter if they desire. The proof we heard in committee was to the effect that the new exporters would not go into the field of uncontrolled exports because it is one of keen competition, where profits are not certain. It was stated that the new exporters want to go into the field of controlled exports where the profit is certain and sure.

I make this statement because I think in all fairness it should be made to those who question this policy, and I state again that it was a finding of the committee, and it was stated in the report that the committee believed that this practice, based upon the historical basis, was unjust and inequitable, and in the report the committee recommended that the changes be made.

Mr. THOMAS of Oklahoma. Mr. President, in response to what has been said by the junior Senator from Kentucky, I should like to relate what has happened since the discussion was had last week.

Because of the publicity given to this matter by the CONGRESSIONAL RECORD, the historical record, persons who have the export licenses approached those who had the contract to sell flour to Sao Paulo, Brazil, and offered to furnish export licenses covering 200,000 sacks of flour at 10 cents a sack, or $20,000 in currency. I had an intimation of that when I offered the amendment, and I was seeking to prevent that sort of a practice being followed in Washington. Since the matter was not acted upon in connection with the bill, and because it is not illegal, so far as I know, the Department is still, I am advised, issuing these export licenses to ABC or XYZ, and the persons obtaining the export licenses are peddling them—a purely black-market operation.

Mr. President, I do not think that should be tolerated, I do not think it should be countenanced, and that was why I offered the amendment. So far the matter is unsettled, and the practice is continuing, I am advised.

Mr. COOPER. Mr. President, I may say to the Senator from Oklahoma that on the facts he has stated, if it is indicated that arbitrary and discriminatory action has been taken, there is the possibility of injunctive relief, as was had in the cases which the Senator cited last Thursday.

I will say further that if that is not effective, and if the Department of Commerce will not take the recommendations which were made in the committee report to correct the situation, so far as I am concerned, I shall be very happy to join with the Senator in any legislation which he thinks would correct the condition.

Mr. WILEY. Mr. President, the Senate bill contained language to the effect that the administration of these controls "shall be subject" to section 10 of the Administrative Procedure Act. The conference bill used the language "shall be excepted from" the act, except as to sections 3 and 10. It is my understanding by the change in the language no change in meaning was intended.

THE ANGLO-AMERICAN OIL TREATY

Mr. O'DANIEL. Mr. President, the New Deal administration has for many years endeavored to nationalize and control the oil industry of this Nation. Having failed to completely accomplish their dastardly task, they have now enlisted the aid of England because of the experience that socialistic government is having in nationalizing industry. They have sought this round-about aid of England to help nationalize and degenerate this Nation by means of a so-called petroleum agreement with Great Britain.

This pink paper is now on the Executive Calendar of this United States Senate in the form of a so-called treaty. Ratification by this Senate is sought. If and when that so-called treaty becomes the pending business of this Senate I can assure Senators that it will have the uncompromising opposition of the junior Senator from Texas.

Our Nation produces the major part of the world's oil, and my State of Texas produces more than one-half of our Nation's supply. We developed our oil business in Texas without any help or advice of the United States Government, and without the help or advice of Great Britain. We do not care to have either of these nations try to stick their noses into the internal affairs of our sovereign State at this time.

We are using the revenue of the oil in Texas for one of the greatest and most noble purposes yet known to man, the education of our children. In 1944 our State collected more than $75,000,000 in taxes from the production of oil, more than $32,000,000 of which went to the available school fund. Our great University of Texas is forging ahead as one of the greatest institutions of higher education in the Nation. It is supported largely by royalties, rentals, and bonuses from oil. Our old folks, our dependent children, and indigent blind receive the

benefit of millions of dollars derived from oil. Our teachers retirement fund is likewise replenished from this source.

Our little farmers, who found it difficult to make a living from the production of crops, have been benefited by royalties. This has placed them in higher brackets of living, and has enabled many of them to give advantages to their children which they otherwise would not have received.

During the war, Texas furnished most of the oil, gasoline, and other oil products needed by our fighting forces on land, sea, and in the air all over the world, and kept our factories running here at home. And, Mr. President, we did this at fully $1,000,000 per day loss to the industry. We did it without a whimper because we were in war.

But now that the war is over, if the administration in Washington thinks it can keep on cramming insults down the throat of Texas, by trying to turn us back to the royal Crown via the treaty system, it will be found, Mr. President, that, so far as I am concerned, we have not yet started to fight.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 3993) making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JOHNSON of Indiana, Mr. TIBBOTT, Mr. CANFIELD, Mr. GRIFFITHS, Mr. CANNON, Mr. KIRWAN, and Mr. ANDREWS of Alabama were appointed managers on the part of the House at the conference.

REDUCTION OF INDIVIDUAL INCOME TAXES

The Senate resumed the consideration of the bill (H. R. 3950) to reduce individual income-tax payments.

Mr. ROBERTSON of Virginia. I have been very much interested in the discussion by the distinguished Senator from Arkansas [Mr. FULBRIGHT] of the fundamental issue that this is not a propitious time to grant tax relief. I should like now to comment on that phase of the problem, as well as to make some general observations on what I think is involved in the pending tax bill.

During a period of service of 10 years on the Ways and Means Committee of the House, I participated in the framing of 12 revenue measures, each one of which increased the tax burden of the people of the Nation. I naturally longed for the time to come when I would feel justified in participating in the framing of a bill to ease the tax burden. But when we were presented with the tax bill last May, I shared the position taken then by the distinguished Senator from Arkansas, that the time then was not propitious to pass a bill which would have reduced the revenue of the Government for the fiscal year 1948 by the sum of $4,000,000,000, at a time when action on not a single appropriation bill had been completed, and we did not know whether the final budget for the fiscal year 1948 would be $35,000,000,000 or $36,000,000,000, $37,000,000,000, or the full amount the President had recommended.

In May 1947, we knew that the national income in the previous months of December, January, and February had been running at a rate of $175,000,000,000, but at that time there were some economists who predicted a price readjustment in the last half of 1947, and no one knew for sure just what the last half of 1947 held in store for us.

We now, Mr. President, have a clearer picture of the last half of 1947 than we had 2 months ago. We know, for instance, that the national income for May was running at the unprecedented figure of $178,400,000,000. We have completed action on some of the appropriation bills, and the Senate Appropriations Committee has acted on those likely to carry the largest increase over the House appropriations, namely, the War Department bill and the Department of Agriculture supply bill.

On yesterday we approved an increase in the War Department bill, and I understand that the subcommittee of the Committee on Agriculture—I am not sure whether the full committee has acted yet or not—has proposed an addition of $199,000,000 to the appropriation for the Department of Agriculture for the current fiscal year. No one knows yet and will not definitely know until all the appropriation bills have been finally acted upon, the exact amount of the budget for the fiscal year 1948, but the best estimate I have been able to obtain from those on the Appropriations Committees, and from the clerks of the House and Senate Appropriations Committees, is that the total budget for the fiscal year 1948 will be in the neighborhood of $35,000,000,000, or $2,500,000,000 less than the estimates of the Budget Bureau.

It is possible that some later changes may add $100,000,000, $200,000,000, or $300,000,000 to these tentative estimates; but at least we have that much that is rather definite to act upon, which we did not have in May of this year. In May of this year we had presented to us the Treasury estimate of revenue for the fiscal year 1948 of $38,800,000,000. That estimate was based upon computations made in December 1946, at which time the actual returns from corporations which were filed in March 1947 reflecting the net taxable earnings by corporations in the calendar year 1946, were not available. Since then they have become available, and we find that the Treasury's estimate of what those returns would be underestimated the amount.

In December 1946 the Treasury estimated that the national income for the fiscal year 1948 would be $168,000,000,000. We now know that for the first month of that fiscal year that figure is very erroneous. I have indicated that the last figures available, which were for the month of May, showed a produced national income of $178,400,000,000. I do not know of anything that has happened during June which would lead me to believe that the income for June or the income for July will be substantially less than the known figures for May.

Since May there have been some developments which indicate increased prices and increased inflation, rather than decreased prices and a lower national income. One of those factors, which has but recently occurred, was the new working contract between the bituminous-coal operators and the miners, under which they agreed to a wage scale which I understand will amount to substantially 45 cents an hour more than was previously paid, and a 100-percent increase in the royalty payments, which, on the basis of production of 600,000,000 tons of coal, would add an additional $30,000,000 to the welfare fund and $30,000,000 to the cost of coal. No one knows exactly how much the operators will increase the price of coal to the consumers, but I feel safe in saying that the increase will be not less than 50 cents a ton if they absorb a part of the increased cost of production; and it might run—at least to the domestic consumer—as high as a dollar a ton. Since 2 tons of coal are required to make a ton of steel, we can readily see that the increased cost of coal is going to increase the cost of steel; and steel enters into so many fabricated articles that the inflationary effect is bound to be felt in many different lines.

Therefore, our Joint Committee on Internal Revenue Taxation, in formulating in May its estimate of revenue, elected to take the figure of $170,000,000,000 as the probable national income for that fiscal period. It will be observed that the difference between the estimate of the Treasury Department and the estimate of our joint staff of revenue for fiscal 1948 is that the estimate of the Treasury Department was $4,500,000,000 less for the coming fiscal year than the actual receipts for the fiscal year which closed in June 1947, and that our staff estimates $1,900,000,000 less in the coming fiscal year than we actually received in the fiscal year 1947.

I am convinced that an estimate of the national income of $170,000,000,000 for the fiscal year 1948 is not unreasonable. I concede that many things could happen. We could go into uncontrolled inflation, and then suddenly turn into uncontrolled deflation, which would radically alter the picture even in a 12-month period. But, frankly, at the moment I do not see any factors which are calculated suddenly to turn the present trend upward into a sharp trend downward. I invite attention to the fact that in assuming that we shall have a revenue in the coming fiscal year of $41,400,000,000, our joint staff is assuming a shake-down of prices, and possibly of production in that period, of approximately $8,000,000,000 from present levels. That in itself would be a major readjustment.

I concede to my distinguished friend from Arkansas [Mr. FULBRIGHT] the fundamental proposition that, however much we may want to give tax relief to the people, the Government should be in a position to do it. That comes under the general category of timeliness.

In taking a position now which is different from the one I took last May on the subject of timeliness, I feel that I owe it to my constituents to indicate the change which I feel has occurred in the factors which would make it safe for the

Government to absorb the proposed reduction in revenue. I have already called attention to the fact that the proposed tax cut in the fiscal year in question will be two and one-half billion dollars less than the proposed cut last May. I have called attention to the fact that the estimate of $168,000,000,000 of income used by the Treasury Department no longer adequately reflects existing conditions. The Assistant Secretary of the Treasury, who is in charge of taxes for that department, told me that the Treasury Department has a rule-of-thumb rough gage, according to which it estimates an increase of $300,000,000 of revenue for each increase of $1,000,000,000 in national income.

So we now have this situation with respect to the ability of the Government to sustain its definite commitments and its anticipated commitments, while permitting us to make some reduction in the tax burden: We contemplate a budget of $35,000,000,000. It may be a little more than that. We contemplate a revenue of $41,400,000,000. That would leave us a leeway, unless something unexpected should occur to change the picture, of $6,400,000,000. If we take from that $1,500,000,000 of revenue we will still have left about $5,000,000,000 which could be used for a substantial payment on the national debt and leave a reserve fund to meet the cost of international cooperation which some contemplate we may be called upon to provide within the near future as the result of the conferences now going on in Paris pursuant to the suggestion made in June at Harvard by Secretary of State Marshall that the nations of Europe should get together and work out a plan for self-help and find out the maximum by which, through the exchange of raw materials and the lowering of trade barriers, they can help themselves, and then report what additional help they may need from us, and at that time we will give consideration to the proposals which they may make.

It has been intimated in this debate, Mr. President, that some Democrats are not so anxious to give the people tax relief as are some of their Republican colleagues. I can find no sentiment of that kind on this side of the aisle. I believe every Democratic Member of this distinguished body would welcome an opportunity to give the people tax relief; but my distinguished colleague from Arkansas [Mr. FULBRIGHT] and others have taken the position that we cannot afford to do it now. I have indicated to the Senate why I think we can afford to do it now. We are dealing with a prospective surplus of between $6,000,000,000 and $6,400,000,000, which would be sufficient to finance some tax reduction, some payment on the debt, and a reserve fund for contingencies in the nature of international cooperation.

It has been intimated, Mr. President, that if we act on this tax bill at this session it may prevent us from giving full and fair consideration to any of the requests the President may subsequently submit to us to help finance international rehabilitation. In my humble opinion, to postpone action until next year would more likely have that effect than would action taken now.

A Member of the Senate asked the distinguished Senator from Arkansas when he thought it would be timely to take action to reduce taxes. Another colleague suggested that that time would be when the national income had gone down. We should be frank with ourselves, with each other, and with the country. I do not believe there is a single Member of the Congress who thinks that if our national income stays substantially where it is today and we continue to collect from the people six or seven billions of dollars a year more than the necessary and proper expenditures of the Government we shall not have a tax reduction bill next year. If we have a tax bill next year, and if requests for international cooperation come ahead of the tax bill, as inevitably they will, if they come at all, there will be those who will be fearful that the amount appropriated for foreign relief may impinge upon the opportunities of the Congress to give tax relief.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON of Virginia. I yield.

Mr. MILLIKIN. Does not the distinguished Senator regard it as completely unrealistic to say that we should wait until we have hard times and lessened income before we reduce taxes, just at a time when we need every penny of revenue that we can get our hands on to sustain the aid and relief programs which then become necessary?

Mr. ROBERTSON of Virginia. The Senator is correct. I served on the Ways and Means Committee of the House during hard times, when we were engaged in deficit financing and when we had to increase taxes because the national income was not sufficiently high to produce, on the existing rates, an amount of money adequate to meet our expenditures.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. ROBERTSON of Virginia. I yield.

Mr. MILLIKIN. That is the precise reason for the five or six increases in taxes we have had in the past dozen years.

Mr. ROBERTSON of Virginia. It has been pointed out already in the debate that we have had 17 years of deficit financing, and that this year, for the first time in that period, we have a surplus. I think the surplus amounted to $780,000,000. I think the Secretary of the Treasury has said that he intends to apply that surplus to the reduction of the national debt. Just before the end of the past fiscal year, it was about $254,000,000,000, and then it crept up again, and reached almost $260,000,000,000, and now I am told that a few days ago it had leveled off again at the figure at which it stood several weeks ago, namely, $258,400,000,000.

As will be recalled, I supported the joint resolution which was passed in the Senate in January to apply, out of the anticipated surplus, not less than $2,600,000,000 on the national debt. I am still in favor of that program, and I have insisted to my friends in the House of Representatives that the House should also pass the resolution and should commit the House to that program, because I think such payments on the national debt will have a deflationary rather than an inflationary effect, and they will reduce the interest charges, which last year amounted to more than the entire cost of the Government when I first served in the Congress. I think it will have a reassuring effect upon the millions of United States bondholders.

But I am trying to develop the fact that action taken now on a tax bill which will affect the situation in the fiscal year 1948 by only a billion and one-half dollars, in my opinion will leave a sufficient surplus to permit the Congress to pay on the national debt more than I believe the Congress is going to pay on it, and will leave in the hands of the Congress a very substantial balance which, if the Congress sees fit to use funds in implementing the so-called Marshall plan, will be available as money with which to do that.

So, Mr. President, I have at least convinced myself, although I do not flatter myself that I can change any votes on this question, that from the standpoint of timeliness we are now in a position to give some relief to the taxpayers. I am also convinced that if we do not do it this year, we shall do it next year, and that if we do it next year the bill will be retroactive, which is always a bad principle in revenue legislation, and creates many problems of refunding and other troubles. I am also convinced that if we wait until next year for tax reduction action, we shall be confronted with demands for tax relief that will go far beyond anything we are now contemplating.

We heard the Senator from Alabama [Mr. SPARKMAN] read the testimony given for the Chamber of Commerce of the United States by an economist who, in testifying before the Committee on the Economic Report, stressed the need for tax relief for corporations. Of course a good point can be made in that connection. I was a member of the Ways and Means Committee of the House of Representatives in 1937 when for the first time we placed a tax on corporate dividends, thus establishing the principle of double taxation on corporate income. Such a principle never has been sound, but we took that action as a depression emergency step, to obtain more money for the Government. We had no other justification for it, and sooner or later it must be modified.

I shall shortly take up the drastic changes which have been made since war spending began, in the taxation of persons of small incomes, and I shall show the Senate how by decreasing the personal exemptions each time we passed a war tax bill, we have placed a tremendous new burden, in the name of defense and in the name of winning the war, upon a group of our people, many of whom now are just at the subsistence level. I shall mention those figures, but I ask the Senate not to think for a minute that that subject will not be fully explored next year in connection with another tax bill.

The senior Senator from Arkansas [Mr. MCCLELLAN] has pending or will offer to the bill now before us an amendment which I do not anticipate will be

adopted, but I believe it will receive a number of votes, because it has merit. That amendment provides for extending to the non-community-property States the privilege now enjoyed by some nine or ten States which have the community property law. Of course that will mean, in terms of revision of tax liability in that respect, possibly $800,000,000, according to the estimates. However, we are told that will not be provided by this bill, but will be very carefully considered next year.

So I am saying that if we do not take any action this year and if we let this matter go over for action next year, next year we certainly shall have a tax-reduction bill presented to us; and in my opinion, as we anticipate the size and scope of that bill, it will be more calculated to impinge upon what we may decide to do for foreign relief than the bill now before us. That is the situation as I see it.

Mr. President, during the debate it has been suggested that immediate action is not timely because the effect of tax reduction in January 1948, would be inflationary. I am told that a majority of the Members of this body will concur in the action recently taken by the House of Representatives in making immediately available to our veterans approximately $2,000,000,000, which is involved in the cashing of their terminal-leave bonds. That money will go to approximately 8,000,000 veterans, I understand, this fall—not next year; and it will not be current earnings from their employment, but will be in the nature of a bonus for past services.

Certainly, Mr. President, it is not consistent to say that the immediate distribution of $2,000,000,000 over and above current earnings, to a very limited group, will not be inflationary, while the gradual distribution, from January through to June, of a billion and a half dollars among forty-nine and a half million taxpayers, will be highly inflationary. If we are going to cash the terminal-leave bonds—and, as I have said, I understand we are—there certainly would not be any point in arguing that we cannot proceed with the distribution of a billion and a half dollars to forty-nine and a half million taxpayers without running the risk of immeasurably increased inflation.

To what extent this tax relief would be inflationary I frankly do not know, but I believe that most of the savings will be spent by those in the lower and middle income groups, who are finding that high prices have already made it difficult for them to make buckle and tongue meet, and this proposed relief from contribution to the expenses of Government may come in very handy for many of them.

Mr. MILLIKIN. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON of Virginia. I yield to the Senator from Colorado.

Mr. MILLIKIN. I am very much interested in the Senator's development of the inflationary theme. Does not the distinguished Senator think that one of the principal inflationary elements that is affecting our economy is the high price of Government, to which the people are contributing about 30 or 35 percent of the national income?

Mr. ROBERTSON of Virginia. Of course, when the Government expends 30 or 35 or 40 billion dollars the money it expends swells the total of the produced national income.

Mr. MILLIKIN. If the Senator will yield further, is it not perfectly apparent that the cost of Government enters into the cost of living, that the higher we increase the cost of Government the higher we are increasing the cost of living, which brings us into the inflationary cycle, about which many are talking?

Mr. ROBERTSON of Virginia. Throughout my service in the Congress I have always stood for economy. I think it was a fundamental principle of Thomas Jefferson, and one from which we have to a degree departed. It is a principle to which we should return as rapidly as possible.

I will say to my distinguished colleague from Colorado that I have also made some estimate, at times, of the value returned to the locality of a Government dollar spent, not for the essential services which only the Government could render, but to help some one in the local community. I cite, for instance, the CCC camps, in which I was very much interested, developing our national forests, rehabilitating the city boys, putting a little iron in their blood. I thought that was a good program, and I supported it, and made one of the original speeches for the bill when it was first presented in the House of Representatives. But I was convinced, in analyzing those expenditures, that we did not get back more than 50 cents on the dollar for what we spent, and I think in many instances the community or the individual gets back, when the Government renders that kind of assistance, about 50 cents on the dollar, and it is much better to leave the money in the individual's own pocket, and let him determine how it is to be spent.

What I said about the possible need of the low-income group in 1948 of some help in purchasing necessities of life brings me to the chief criticism I have to make of the form in which the pending bill comes before us today. As I pointed out, I helped frame 12 tax bills, and I recognize that a man serving on the tax committee, hearing what the witnesses have to say, has a much better chance to know what it is all about than one situated as I am now, with membership on two other committees which take all my time. I have had no adequate opportunity to study the new angles involved in the pending tax proposal. But I remember what happened when we were increasing taxes, and I think it would be well for us to have that in the RECORD before us as the basis of judging whether or not we now have the right approach to tax relief.

As a matter of fact, I understand only three witnesses appeared before the Ways and Means Committee on the first tax bill, and none, so far as I know, on the second. Those three witnesses were the Secretary of the Treasury, who recommended no action at all, stating that it was not timely, and also opposed the approach. Then there were two former Under Secretaries of the Treasury, Dr. Roswell Magill and Mr. John W. Hanes, both very fine men, both close friends of mine, both men I greatly esteem.

Mr. Hanes recommended immediate action along the lines proposed in the House bill. Dr. Magill, I understand, endorsed the theory of the House bill, but said, in effect, that if we could not make a substantial payment on the national debt and give tax relief at the same time he would prefer payment on the national debt. Those were the three witnesses.

Then the bill came to the Senate, and the distinguished chairman of the Committee on Finance I think did a fine job in giving those who wanted to be heard an opportunity. He conducted hearings for 9 days, and during that time I understand he permitted 31 witnesses to be heard, and a number of others had the privileges of submitting statements for the record. Those witnesses presented conflicting viewpoints: First, that it was not timely and no action should be taken at this time; second, that relief should be centered primarily in the lower income groups and coupled, perhaps, with a percentage cut; but if we could not do complete justice at this time, lowering the high surtaxes and relieving the small income group from the pressure of taxes, on the one hand, and the high cost of living, on the other, we should give priority, in equity, to the fundamental principle of ability to pay, and give the major relief at the start to those who financially need it the most.

Then there were witnesses who sustained the horizontal cut, although some of them suggested that it was wise to modify the percentage of relief to give a little more in the lower brackets, and that action was taken by the Senate committee.

Then the bill came back to us a second time. I do not believe there were any hearings by either committee on that occasion. I understand that all the members of the Senate Committee on Finance, except three, voted for the bill which is now before us. That in itself is evidence that the bill has merit, and I do not challenge the fact that there is substantial equity in giving reduction to those paying the very high surtax rates.

I desire to bring to the attention of the Senate, however, the fact that during the taxable years from 1932 to 1939, both inclusive, the personal exemptions for single persons were $1,000, for married persons $2,500, and they were allowed $400 for each dependent. Up to 1939, therefore, the average American family of four had to have a net taxable income in excess of $2,900, which the average family did not have, before being subject and liable to any income tax at all. That was on the theory that we would not go down to the low-income groups who are using their entire income for the necessities of life, and make them contribute to the expenses of the Government through a direct personal income tax, because we all knew, whether they knew it or not, that they were helping to pay the taxes which were collected from corporations; they pass them on whenever they can, and they usually can. They were also helping to pay the increase in prices at which domestic goods

were sold behind any tariff protection against foreign competitive items. To that extent, all of us have been paying some taxes, but many people did not know what they were paying. Then, of course, there were direct excise taxes on items such as liquor and tobacco, and, for a number of years, on automobile tires and articles of that kind, which taxes were imposed during the early part of the depression. In 1940 the personal exemption for a single person was reduced to $800; for a married person, it was reduced to $2,000. For the taxable year 1941, the exemptions were $750 for a single person, $1,500 for a married person. Defense spending began in 1940, and that is when the increase in tax rates began. We entered the war in December 1941. We were spending in a large way in that year. Married persons were allowed deductions of $1,500, with a credit of $400 for each dependent. That was true for the taxable years 1940 and 1941. In 1942, we were in the war, and we had to tighten up. We were spending twice as much as we were receiving; we were incurring a big deficit. An effort was made to finance half the war cost directly, and to borrow the other half. That was roughly the goal, and so in 1942 and 1943 exemptions were reduced for single persons to $500, though the exemption for married persons remained at $1,200. The credit for dependents was reduced from $400 to $350. In addition to the normal tax and surtax for 1943, the victory tax of 5 percent was imposed on gross income in excess of $624. For the years 1944 and 1945, the per capita exemption was reduced to $500. The credit for dependents was increased to $500. A boy still in college was declared to be a dependent. Within certain degrees of consanguinity, a person having an income not in excess of $500, who received a contribution of more than half his income, could be treated as a dependent.

In the 4-year period, 1940–44, an effort was being made to attain maximum tax payments. The receipts for the last of those years amounted to $43,300,000,000. We reached down into the small income group, because that is where the bulk of the earnings was. The exemption granted to a married couple was reduced from $2,500 to $1,000. For that reason, knowing the manner in which we went up the hill to impose the tax burden, I should have been greatly pleased, if commitments made in the heat of the campaign last fall had not apparently frozen two great committees to the consideration of a single method of giving tax relief, and they had been able to more fully explore the equities of cutting something from the surtax rates and increasing somewhat the personal exemption, to the end that the benefits might be more equitably distributed, in keeping with the method by which previously they had been increased.

The distinguished Senator from Illinois [Mr. LUCAS] offered an amendment to the pending bill, to increase exemptions to $650. I regret to learn that the Senator does not intend to press that amendment. I can understand, of course, that one may not say it is timely to give tax relief, if it is done by giving the benefit to the low-income groups, but not timely, if it is done by way of percentage cut resulting in greater financial aid to those in the higher brackets than to those in the lower brackets.

I shall not take the time of the Senate to place in the RECORD all the surtax rates and exemptions. Suffice it to say that they were raised, and measurably raised. I concede the merit of the position taken by the majority party that the surtax rates now are too high for a permanent peacetime program. I should welcome an opportunity to help lower them. But I must say that it would have been more pleasing to me, had the privilege been afforded me, in the first bill that I vote for in 10 years to reduce taxes, had it been possible to give more adequate relief to the lower-income group, by way of increasing exemptions, than is done by the pending bill. I think experience in the next 6 months will prove that a bill framed along those lines would have been more popular in the country than the bill that is to be passed by the Senate, today or tomorrow, or whenever I and other Senators quit talking about it.

I do not recall the statistics now, but before we got into astronomical figures in the national income, one hundred and seventy, one hundred and seventy-five, and one hundred and seventy-eight billion dollars—and it is not known who is receiving that money now—only one-tenth of 1 percent of the people had a taxable income of as much as $10,000; only 5 percent had incomes from $5,000 to $10,000. The incomes of the great bulk of the people fell below those amounts. When the idea is entertained now of giving relief to 49,500,000 taxpayers, it must be borne in mind that the overwhelming majority of the taxpayers are those who would have received a greater benefit through an increase of personal exemptions than they will receive by the horizontal percentage cut of 10 to 30 percent that will be carried in the bill. I repeat, I regret that apparently I shall not have the opportunity to vote on that. I frankly admit that when there were 15 Democrats and 10 Republicans on the Ways and Means Committee, when any really taut situation arose, we wrote the bill. I hasten to add, however, that for 10 years there was a minimum of politics, there was great cordiality, great friendliness, and cooperation in that committee. But, after all, there were times when the Democrats, having the responsibility, took it and presented a bill to the Congress. I cannot tell the Republicans what they should have done in the present case.

My choice now is limited to supporting the bill they have brought forth. For the reasons I have most imperfectly outlined today, that is, from the standpoint, as I see it, of timeliness, from the standpoint of the ability of the Government to sustain a reduction of one and one-half billion dollars and still pay something on the national debt, and also meet foreign commitments, from the standpoint of preferring some action now to what I fear will be a terrible jam next year over a general and enlarged bill, I intend to vote for the pending bill.

I hope to be privileged to stay in the Congress long enough to see adopted the plan to overhaul our entire tax structure, which we discussed at the last meeting of the Ways and Means Committee I attended. That tax structure has been built up piecemeal, and it is not perfect. I have had enough experience with taxes to know that we cannot pass a law which affects millions of people without the law containing some inequities. We cannot pass a law which affects 450,000 corporations without having some imperfections in the law. We cannot pass any general tax legislation without there ultimately being found some loophole in it which some smart lawyer can find his way through, and thus get his client out from under the necessity of paying some taxes.

But I hope that when we can stabilize our economy, and do not have to guess as to whether the national income will be $10,000,000,000 or $15,000,000,000 more or less in a 12 months' period; when we can lie down at night without the haunting fear that maybe before we wake up in the morning somebody has dropped a bomb on our heads; when world peace can be established and nations can dedicate their thoughts and their energies and their productive capacities not to the destruction of human beings but to the creation of a cleaner, greener land and a higher standard of living—I hope that then the great committees of the Congress, the Ways and Means Committee of the House and the Finance Committee of the Senate, will set aside a period of time, and that it will not be a short period, for a general overhauling of our entire tax structure, and attempt to bring to the floor of the House and the Senate a bill of which they can say, "We have heard all the pressure groups, we have reconciled their conflicting claims, and we have submitted to the Congress a bill which we can present with assurance that it comes as near doing even-handed justice to all types of taxpayers as our limited knowledge and facilities will permit us to prepare." Until such time, Mr. President, we have to do an imperfect job. We have to cut a little here and cut a little there. The first proposal, as I say, is to cut a little, $1,500,000,000, now, and on that I intend to vote "yea."

Mr. MORSE. Mr. President, I expect to speak at some length, I estimate 2 hours, and in the interest of saving time and in the interest of continuity, and for the reason that I intend to have this speech reprinted for future campaign purposes, I shall decline to yield during the course of the speech. I shall be glad at a later time when I present the individual amendments, to yield and answer questions in regard to them.

At the outset I want to say, Mr. President, that I deeply regret to find myself once again in the present session of Congress holding a difference of opinion with the Republican leadership of my party on another one of the major and vital issues before the Congress. However, I do not think that those differences of opinion are unfortunate in any respect except to those in the progressive Republican minority. I think it somewhat

unfortunate for them from the standpoint of their personal, selfish political interests. But I happen to be one who means it when he says that in times as critical as these any man in public office who will subordinate his convictions as to what is in the public interest to personal political advantage is not entitled to hold public office.

In the Seventy-ninth Congress and the Eightieth Congress I have attempted to represent what I consider to be the point of view of several million progressive independent Republican voters in the United States, and by doing it I think that those of us who have shared those views have made a distinct contribution to the Republican Party. Perhaps we have performed a service, from the standpoint of loyalty to our party, equal to the loyalty of those who believe that party conformity should be placed prior to every other consideration when it comes to taking a position on party issues.

For the RECORD, because there are those who disagree with us and who would give the impression, if they could get away with it, that progressive Republicans are negativists, in that they take only a critical position but themselves offer nothing constructive, I should like to run over very quickly some of the positions the progressive Republicans have taken in the Seventy-ninth and Eightieth Congresses, positions which in my judgment answer the question: "What do liberal Republicans stand for?" Of course, the RECORD does not bear out that criticism. The difficulty is that we do not have the means and the forces whereby we can make as clearly known to the American people what we stand for within the Party as those who represent a predominant majority in the Congress.

We have taken the position, Mr. President, throughout the Seventy-ninth Congress and throughout the Eightieth Congress, that on grave international issues and on questions of foreign policy there can be no place for division between the parties; that on such issues we must stand as united servants of the people to the end of seeing to it that the bipartisan foreign policy of our country is carried out. It is our view that we must oppose any attempt to introduce partisan politics into the issue of foreign policy. Hence I make no apology for taking the position on a Nation-wide radio hook-up within 20 minutes after the President finished his speech on the Truman doctrine to the joint Congress that he is our President, that the die had been cast, and it called for a united American public opinion behind the President and the bipartisan foreign policy which he had presented. Within an hour after that speech I took the same position on the floor of the Senate. I was the first to back the President on that issue in a statement on the floor of the Senate. I think it is also true that by doing so I took a position quite contrary to the public opinion of a majority of my constituents in my State at that time. But public opinion changes.

As I have said before—for which I have been subjected to considerable criticism—I happen to believe that it is the duty and obligation of a Member of the United States Senate to vote for what he thinks is in the public interest, even though at that moment it does not conform to majority opinion in the country at the time. It is his responsibility of political leadership in accordance with our representative form of government to do what he believes to be in the public interest, giving due weight and consideration to the views of the public at the time, but never hesitating to tell the people why he takes the position he takes. Then it is for them to pass judgment upon him at the next election. That has been and will continue to be, irrespective of criticism that comes my way, the motivating principle that will direct my votes in the Senate.

Thus it seems to me that we are seeing—particularly because of the fact that we demonstrated a remarkable unity in the United States Senate in support of a bipartisan foreign policy—a rapid shift of public opinion, not only in my State but throughout the country, with the result that I think today public opinion in this country is overwhelmingly in support of the Truman doctrine as now modified by the Marshall doctrine.

In support of our bipartisan foreign policy in the Seventy-ninth Congress I introduced a resolution—and fought through to a successful conclusion—calling upon the United States to accept the compulsory jurisdiction of the World Court. If I remain in the United States Senate for 20 years and succeed only in getting that resolution passed in the 20 years, I shall feel that I have performed a worth-while service for my country.

I mention this point about foreign policy because I wish to say from this forum today to the people of the country that it is my conception that progressive Republicans stand for a bipartisan foreign policy which makes perfectly clear to the other nations of the world, including Russia, that we intend to preserve the peace, that we intend to keep ourselves nationally strong from the standpoint of security so that we can preserve the peace, and that we intend to work through the United Nations in carrying out the objectives of that great charter written in San Francisco, which I consider to be the greatest proclamation of human rights ever penned by man.

On domestic issues I think the progressive Republicans have made perfectly clear, in the Seventy-ninth and Eightieth Congresses, that we believe that one of the greatest threats to our domestic economy is the rapidly increasing concentration of wealth under the domination of a few great corporations in America. Thus, in the Seventy-ninth Congress and again in this, I introduced, along with colleague-sponsors, the most drastic antimonopoly bill that has been introduced in the Congress of the United States since the Sherman and Clayton Acts were passed. I regret that thus far I have not been very successful in moving that bill along to the calendar of the Senate; but I am not easily discouraged. I am aware of the fact that it will take time to educate the American people to an understanding of the great danger which confronts them in the matter of the concentration of wealth, and monopolistic practices on the part of American big business. So long as I shall remain in the Senate I shall press forward for the passage of that bill. If and when I leave the Senate, if it is not passed by then, I am satisfied that others will take up the torch. I am enough of a realist to know full well that it is not important that I or any other Member of the Senate remain here. But it is important that at all times whoever is here shall see to it that the torch of progressive action toward the development of a sound social legislative program is kept burning brightly.

I believe that our antimonopoly bill is one of the most important pieces of legislation pending before the Congress; and I hope that in due course of time all the leaders of my party will see its importance and will press forward to its final passage. Of course, I shall do what I can from campaign to campaign, including that in 1948, to inform the American people as to this great threat to our private-property economy.

We talk a great deal about free enterprise; but there can be no real free enterprise in America until we take the stranglehold of monopoly off the throats of the businessmen of America. The small businessman seems to think—and certainly talks—in terms of being a part of a free enterprise system, when in fact he is but a day worker for the great monopolies of America. He gets his goods in such quantities as the monopolies permit him to get them, and he must charge such prices as they allow, because of their great monopolistic stranglehold on the economy of the country. True, he can pass it on to the consumer; but because of that control he, too, sooner or later finds himself in the depths of a depression. He and thousands like him go bankrupt.

So I say to my party, if it is going to develop an economic program in the interests of all the people, in accordance with the doctrine of doing the greatest good for the greatest number, it dare not ignore, and cannot justify ignoring, the problem of monopoly.

Next, we progressive Republicans call the attention of the Congress to the importance of living up to our moral obligations to the veterans. We would not be here today as freemen if it were not for the sacrifices of veterans, living and dead. But how soon we can forget; how quickly the American people, once taken up in the turmoil of economic competition, can forget that in the dark days of the war, at the time of the Battle of the Bulge, we were ready to promise to do anything in justice to the veterans.

What about the Eightieth Congress? In the Eightieth Congress how far have we gone in doing equity for the claims and the rights of the veterans? I am chairman of a subcommittee of the Committee on Labor and Public Welfare dealing with veterans' legislation. There have been placed on the calendar three bills in behalf of veterans. The Unanimous Consent Calendar was called last week and to my great shock these bills, which were voted to the calendar by a committee of 13—one bill having only one vote against it in committee, another bill

having two votes against it in committee, and a third bill having three votes against it in committee—were objected to on the floor of the Senate, not by one but by several Senators. I was willing to accept an objection on the ground that some Senators had not had an opportunity to inform themselves as to the contents of the bills. But days have elapsed, Mr. President; the bills are still pending, supported by a committee report and a record of hearings that are unanswerable in justification of the legislation.

In my recent speech on the floor of the Senate I said, and I now repeat, that I intend to take advantage of every opportunity from now until adjournment to do what I can to force a vote on those measures. I want to know whether the leadership of my party in this session of the Congress will permit a vote upon veterans' legislation which is clearly due the veterans.

Yes, progressive Republicans recognize their responsibility to the veterans for the great sacrifices they have made. More than that, Mr. President, they believe that 140,000,000 American people, once the matter is called to their attention, will also, as they always have in the past, recognize those great moral obligations, and say to my party, as they should, "You have an obligation to go forward and do justice to veterans by the passage of such reasonable legislation as the Committee on Labor and Public Welfare has reported to the floor of the Senate."

To show how reasonable it is, Mr. President, I do not know of a single person who voted against the legislation in committee who would not say that if we are going to do anything we should not do less than that which the committee has recommended. There is no question in my mind about whether we should do something. We have three bills, the total cost of which will not exceed $300,000,000, representing the conscionable compromises which took place in the committee, as they should, in the interest of securing action on legislation that would be fair, reasonable, and equitable and, at the same time, would do justice. We started in committee with legislation which, if it had all been recommended, would have totaled more than $3,000,000,000. Out of legislative proposals that exceeded the amount of $3,000,000,000, we have come forward with veterans' legislation which does not exceed in cost $300,000,000.

I say to the leadership of my party that it cannot justify adjourning on July 26 without voting upon that legislation, and doing it soon enough so that it can go to the House of Representatives and be voted upon there and sent to the White House. The argument is made that the President of the United States said in his message on the State of the Union that he did not favor increasing any of the benefits to the veterans and that, therefore, the legislation is inconsistent with the recommendation of the President, and that it might be headed for a veto. Mr. President, I am perfectly willing to take my risks on that. I am perfectly willing to give the President of the United States an opportunity to veto that legislation. I happen to be of the opinion that he will not veto it; but if he does, I also happen to be of the opinion that there are sufficient votes in both Houses of Congress to override the veto.

But let me tell the Senate that the worst treatment that could be given this veteran legislation would be to let it die on the calendar and continue to frustrate attempts to get it up for a vote.

So I say, Mr. President, progressive Republicans have demonstrated on the record their determination to do justice to the veterans, and they will not be diverted by any argument of false economy or any argument that it may cost tax dollars. Of course it will, and it should. The American people should be perfectly willing to pay those tax dollars in fulfillment of their clear obligation to the veterans.

In the Seventy-ninth and Eightieth Congresses we have stood for other pieces of social legislation. The record is perfectly clear that we believe that the social-security laws should be drastically revised and that the benefits of social security should be extended to all our people and not simply to a few; that if we are going to maintain economic stability, if we are going to avoid the serious psychological dangers of insecurity of thousands of our citizens, we must be willing to broaden the coverage of social security.

Closely related to it, we have taken the position, and the record is clear, that the aged in this country should have something more to look forward to than reliance in their old age upon the charity of the State or of relatives. So we have stood not for any particular pension scheme, not for any single pension label, but for the proposition that a free-enterprise economy is strong enough to support the aged on the basis of health and decency and not on the basis of charity.

Mr. President, I recommend that program to my party.

We have stood also for a fair and square minimum wage bill—not a minimum wage bill that constitutes merely a political gesture, not a minimum wage bill which will increase the wages of only 1,000,000 employees who now are not getting 60 cents an hour, but a minimum wage bill that will accomplish two things: First, put the minimum ceiling where it ought to be so that American workers can maintain a standard of living of health and decency. I think that one of the primary justifications and strengths of the private property economic system is its ability to pay wages which will make it possible for free workers to maintain a standard of living of health and decency. They cannot do it on 40 cents an hour and they cannot do it on 60 cents an hour. Therefore, Mr. President, progressive Republicans have taken the position that we should begin at 65 cents an hour, should go to 70 cents an hour, and then should go to 75 cents an hour, within a 2-year period, and also should broaden the coverage of that act so that it will cover all workers.

So, Mr. President, I happen to be one who is not particularly moved by a minimum wage bill offered by some Senators which does not in fact increase the wages of any considerable number of low-paid workers in this country, and which fails to extend the coverage of the act to any additional workers. However if that is the best bill we can obtain at this session of Congress, I shall vote for it. I call such a bill a political gesture, and I think the workers of the country see through it.

Next, Mr. President, the record is clear that the progressive Republicans of the Seventy-ninth and Eightieth Congresses have stood for adequate Federal aid to education, recognizing, as we do, that the strength of our democracy can be no greater than the enlightenment of our people. With the world moving forward at the rapid rate at which it is moving in the fields of science and technology, with great challenges being raised the globe around to the democratic concepts, we cannot afford to have ever so small a number of the American people denied the advantages of a high minimum standard of education. Today, Mr. President, the educational situation in this country is a disgrace. I am reliably informed that there are States in which the average salary of the teachers in the secondary-school system is less than $1,100 a year. We turn over to those teachers the most precious possessions we have—our children. We turn them over to those teachers during their formative years, when, as the psychologists point out to us, the conditioning factors to which those children are subjected during those years will mold and mark their lives. In hundreds upon hundreds of schoolrooms in America we are turning those children over to conscientious public servants, I admit, but to public servants who do not have the quality of training and, in many instances, the intellectual capacity that they should have if they are to serve as educational guardians of our children. That situation cannot be rectified until the Congress of the United States recognizes its special responsibilities to the youth of this country and is willing to appropriate the necessary Federal-aid funds so that the boys and girls of America can have the best teachers that it is possible to provide by paying decent salaries. Mr. President, progressive Republicans stand for that type of Federal-aid program to education, and I recommend it today to my party, as I have done many times in the past.

We stand for another great piece of social legislation—another principle which, it seems to me, the politicians and the rest of the country might just as well recognize now is a principle, the accomplishment of which is inevitable, no matter how long a period of time it may take to accomplish it: We take the position that the health of the American people and the state of their health will determine whether we are a nation of great assets or a nation of great liabilities. We take the position that the potential medical mortgage that hangs over the heads of the so-called middle-class people in America—and by that I mean those of moderate incomes, incomes from $2,500 to $5,000—is another great threat to our ecomonic security.

Mr. TAYLOR. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. MALONE in the chair). Does the Senator from Oregon yield to the Senator from Idaho?

Mr. MORSE. I am sorry, Mr. President; but as I said at the beginning of my remarks, I shall not yield until this speech is completed.

Mr. President, it has been the position of the progressive Republicans in these two Congresses that we should endeavor to work out for the country a medical program that avoids the danger of socialized medicine. That is why we have not become parties to any particular medical health bill which seeks in essence to have the Government itself supply the medical care. I do not think that such a program is desirable, and I do not think it is necessary. But we cannot for long avoid adopting a sound program to give the health protection to which the American people are entitled and to remove from the households of America the deadening psychological fear that their life savings may be eaten up in one serious illness in the household. We progressive Republicans have said over and over again to the medical profession, and I repeat it now, that it is up to the doctors of this country to come forward with a health program that will remove that fear and at the same time will keep medical practice on the basis of private initiative. Irrespective of the unfair criticisms that many of the medical associations have heaped upon the progressive Republicans, I think they will find that their best, long-time friends are those of us who have been pleading for the type of health program that is based upon the principle I have mentioned this afternoon.

We have taken the position, Mr. President, that the fiscal affairs of the Federal Government should be operated on a businesslike basis. We have taken the position that sound business practices should also characterize the practices of the Government. We have urged that consideration be given to the great differences—every corporation gives consideration to them—between capital investment and operating costs. Yesterday was the last time I discussed that particular issue and I shall not dwell on it at length this afternoon, except to mention it. What I said yesterday will speak for itself.

Suffice it to say, Mr. President, that I think it is important—and this has a close relationship to the whole tax problem—that we recognize, when we come to deal with these problems of economy, that there is a great difference between a capital investment involving a wealth-creating project, such as our great power developments in the West, our flood-control program, our soil-conservation program, our scientific-forestry program, and the administrative costs of operating them. We progressive Republicans have taken the position that in the building up of our budget program, and in the fiscal policies of this Government, we should recognize that great difference, as great corporations do, and that we should not economize at the expense of all the people by a penny-wise and pound-foolish policy of cutting down on great wealth-creating, self-liquidating programs that will return many more dollars to the people of this country and to the economy of this country than the investment in their original costs.

True economy should be made on that side of the budget, too, but in the administration of those projects, not in their development, not in their expansion to meet the economic needs of the country. Great economies should and can be made, and I have supported those economies on the side of administrative costs of government.

For example, that is why I shall support one of the pending proposals for economy submitted by the senior Senator from Virginia [Mr. BYRD] in regard to the question of ceilings on civilian employees under the War Department. That is why a few days ago, when the vote was so close that one vote made the difference, I supported the Senator from Minnesota [Mr. BALL] in the economy program he proposed in his subcommittee in regard to airports, because I felt that the record was perfectly clear that the economy could be made without any sacrifice of the type of principle for which I have been pleading here this afternoon. I shall not support wastes and unnecessary expenses in government.

So I say, I recommend to my party that it differentiate in its budget policies between capital investments and administrative operation costs. Of course, if my suggestion were to be adopted, then the party would not press forward at this time with the present tax program, because until it first had the facts, which such a budget approach would elicit, it could not very soundly, it seems to me, recommend the tax program it is recommending today.

We progressive Republicans have had some differences with our party leadership in regard to labor legislation. We have not been at odds with our party leadership in regard to the importance of checking labor abuses, but we have been at odds with our leadership in regard to the legislation that was finally passed, because we were satisfied that such legislation would not check the abuses. Not only that, we were convinced that it would create greater abuses; that it would be unwise; that it would be unworkable; that it contained unconstitutional provisions, and that it would promote rather than prevent industrial stife. We are perfectly willing to let time pass judgment on whether we were right, or our leadership was right.

It is our position that in the field of labor legislation it is not possible to legislate good faith, it is not possible to legislate into the hearts of men a determination to work cooperatively together around a free-collective-bargaining table, in the interest of preserving the only economy which, in my judgment, can keep workers free, and employers, as well.

I hope that soon, because it is not yet too late, American employers and American workers will see the importance of getting the Government out of the business of controlling and regulating industrial relations. I hope they will recognize soon, before it is too late, that one of the surest roads to totalitarianism is the control of the economy of a country through the control of the relationship between employers and workers. They ought to take a little lesson from history, and recall that in the early days of Nazi Germany the unions and the employers worked in collusion against the public interest, with the result that finally they were both taken over.

We progressive Republicans take the position that in this country if freedom means anything, we should reduce to the minimum legislative control over the employers and the workers, maintaining only such minimum governmental checks as are necessary to protect the public from the abuses of labor and employers.

We have taken some definite positions in the last two sessions of Congress on several proposals from social legislation, against a considerable amount of opposition, I may say, on both sides of the aisle. We believe that if the Bill of Rights in the Constitution means anything it should be put into practice. We believe that if our pratings about the dignity of the individual, and the right of the individual to a free and fair trial, the right of the individual to exercise the franchise, yes, if all the other precious human rights written by our forefathers into the Bill of Rights, mean anything, we should put them into practice.

So we progressive Republicans have taken the very consistent position, against very vigorous opposition on both sides of the aisle, that we should stop talking about an anti-poll-tax bill and should pass one; that we should stop talking about an antilynch bill, when lynching simply cannot be reconciled with the guaranties of the Constitution and pass a Federal antilynch bill; that we should stop talking about the rights of American citizens to be protected against discrimination because of race, color, sex, or creed, and pass a fair and reasonable antidiscrimination law; that we should stop talking about equal rights for women, and pass a law which would make perfectly clear that American employers cannot exploit them by paying them lower wages for the identical work performed by men. Progressive Republicans take the position, Mr. President, that political talk should be followed up with action. We have made our record. It is in cold print in the CONGRESSIONAL RECORD of the two Congresses. It is a clear, unequivocal answer to the question: What do liberal Republicans stand for? It is a complete rebuttal of the oft-repeated charge that progressive Republicans criticize but offer nothing constructive. The trouble is, Mr. President, our program is too constructive for the partisan politics of reactionaries in both parties.

We have also taken the position that the natural resources of America do not belong to a few people, they belong to all the people; and that no special interests, I care not who they are, have any right to waste those resources. We liberal Republicans say that it is a responsibility of the Congress to see to it that the necessary regulations are passed, and appropriations sufficient to carry out those

regulations granted in order to preserve those resources for generations of Americans yet to be born; and at the same time to permit of an equitable use of them by the present generation. We bear the label of conservationists; and we are proud of it. Yet there are some vested interests of America that would make Socialists of us, because we say to them, "We believe we have the right to tell you that there is a limit beyond which you cannot go in using, in wasting, in destroying the God-given natural resources of this country, belonging to all the people." Thus, I have fought, and I shall fight again, many times, as long as I am here, for a conservation program, which, in my judgment, this Congress has not supported to the degree that it should. I do not have the figures; I do not know how many hundreds of millions of dollars have been lost to the future generations of America as a result of the tremendous floods in the Middle West in recent weeks. I do not think it can be evaluated. I do not think it would be possible to put a valuation on it, because an acre of fertile soil, once gone, is gone forever. What is 10,000 years' time value of an acre of land worth in money? I do not know. But it is gone, not only for 10,000 years; it is gone for eternity when a flood sweeps it away. We, the Congress, must admit, it seems to me—Congresses that have gone by, too—that our short-sighted, false-economy attitude toward a sound conservation program has wasted billions upon billions upon billions of dollars of America's precious natural resources.

Mark my word, Mr. President, history will record that if we continue this course of action we shall truly develop in the Middle West and in the Far West another eroded China. That bears, Mr. President, on a fallacy that has been running through the debates of this Congress in weeks past, on appropriation bills, on tax bills—a plausible argument, but thoroughly fallacious, Mr. President, and misleading. It fools people when they first hear it. What is this argument? It goes like this: "When are we going to stop having the American people work 4 days out of 10 for the Government?" Ah, that is catching. The taxpayer reaches in his pocket, recognizing that he has no great surplus in that pocket; appreciative of the fact that he would like to have more in the pocket he is caught up by the plausibility of the argument. He says, "That fellow is right. We should not work 4 days out of 10 for the Government." And I say to the citizen and taxpayer that the person who resorts to that argument is dead wrong. Why do I say it? I want to say to the farmer, when the Federal Government builds a great highway through his State and near his farm, for which he pays his share of taxes, is he working for the Government, or for himself? I want to say to the taxpayer, when the Federal Government through the Public Health Administration spends money to protect not only his health but that of his loved ones and of the citizens of his community, and he pays taxes to support the program, is he working for the Government, or for himself? I say to the taxpayer, when the Government builds a great, wealth-creating project in his section of the country, that makes possible the increasing of the standards of living of himself, his family, and his friends, is that taxpayer working for the Government, or for himself? It is a fallacious argument to say that something needs to be done, because of a statistical showing that taxpayers are working 4 days out of 10 for the Government. It is a hard argument to answer, I admit, because it is supported by selfish impulses that have a tremendous appeal to the taxpayer; and it is also supported by many years of political conditioning in this country. Our people expect politicians to promise them tax reduction. It is a stereotyped American political pattern. It has won many elections in the past, and I have no doubt it will again in the future. My party is using it to help win the election of 1948. However, the argument may boomerang. It has elevated many men to political office, and removed others. Yet here again is raised that old principle, Should we play politics with the tax issue or should we tell the American people that in our opinion now is not the time for tax reduction? Should we point out to them that after all they are working for themselves? It is unfortunate that so many of them do not appreciate that when they pay the necessary taxes to maintain the military forces of the country in this critical hour in the world's history, when no one can be certain what the destiny of America is so far as future international relations are concerned, they are working for themselves as much as they are working for themselves if they are cultivating corn in their cornfield.

Mr. President, no vote of mine is going to be cast in the Senate of the United States for tax reduction at the expense of our living up to our full obligations of national security and our international obligations to the winning of the peace. Our people are working for the Government 4 days out of 10, are they? They are working for themselves, Mr. President. All of us are working for ourselves when we pay the taxes that are going to be necessary to implement and effectuate the Truman-Marshall bipartisan foreign policy.

How much is it going to take? There is not a man in the Senate nor in the country who knows what this peace is going to cost, but the cost to us will be much less than if we fail to win it. If we fail to win the peace we will pay the cost of another war as surely as you and I are here this afternoon. If that comes to pass, then will be the time to listen to the American taxpayer, who in my judgment will point a finger of scorn at us in Congress and say, "Why did you not stand up against a proposal to reduce taxes at the time when we ought to have been willing to continue our then existing tax structure, yes, and even to pay more?"

I recognize that a vital difference of opinion exists in this country today over taxes. I am perfectly aware of the fact that in taking the position I do I take a position contrary, I believe, to the present prevailing majority opinion in America. But I do not think the American people have the facts. I do not think they have been sufficiently awakened and educated to the seriousness of the hour. I do not think they fully understand the importance of maintaining high taxes for a time in order to preserve the very liberties they hold dear. Those liberties, and the political and economic democracy resting upon the foundation of the private property economy I say, Mr. President, are worth paying taxes to preserve. If for no other reason, I will be no party, Mr. President, to the present tax bill, because I am sincerely and deeply convinced that it is not in the interest either of our domestic or international welfare.

Mr. President, the progressive Republicans have taken an unequivocal position on this issue, and we are perfectly willing to take it to the country, too. We are perfectly willing to lose our political heads, but live with our convictions. We are so certain we are right—and, of course, if we do not have certainty in our own convictions then our position is an impossible one—we are so certain we are right that we are willing to take our chances even on the level of politics.

I have already mentioned the stand of the progressive Republicans, Mr. President, on such issues as conservation, and, I would add to it, of course, power development, flood control, and forest conservation, and a sound agricultural program, because we are dealing in those problems with great national wealth resources. We cannot maintain the private economy in America unless it remains an expanding economy.

Mr. President, I am not one of those who has any fear as to the upper limits of the expanding potentialities of our private-property economy. I think we are still in the pioneering stage in America so far as our economic system is concerned. I do not share the pessimism of those who fear the type of wealth-creating, project-expansion program for which I have raised my voice so many times in the Senate. What it can do to the great western and southern areas almost defies imagination. We have not scratched the surface of the economic potentialities of the South. The West is still a great uncharted economic area for rich development, and with an expanding economy the great industrial centers of the East and Midwest will reap tremendous profits and prosperity if—only if they eliminate fear from their consideration of legislative proposals that seek to expand the wealth-creating developments of the country.

I recommend my program to the Republican Party, Mr. President, because it is a sound economic program, and because, incidentally, being a sound economic program, it is also a good political program. I think my party is going to learn that in the West, though maybe not in 1948, Mr. President, because we are in the midst of a very interesting political cycle. I do not believe anything can beat the Republicans for the Presidency in 1948. I think it is in the bag as a product of a very understandable and normal war reaction, as a part of a swing of the political pendulum. I do not think it is going to swing as far back as it did after the last World War, but we

are in that pendulum swing, and there is going to be a continuation of the change of 1946 through 1948. I only hope it will be a better change than some of the changes in 1946 proved to be. I hope that in that change we shall be able to see the start of the swing of the pendulum back to a sound middle-of-the-road, progressive course of political action in America. Hence I shall work for the election of liberal Republicans.

Of course I am biased—I admit it. I am biased from the point of view that there is no hope for the long-time survival of my party unless my party follows a middle-of-the-road course of action, recognizing that either leftism or reactionary policies will certainly bring the doom of the American system. I want to see my party win in 1948; and I will be in there pitching—critical where criticism is due of any stand my party takes in support of a program which does not meet the tests I am laying down in this speech this afternoon. But I believe that the place to fight for my principles is within the party and not outside. I have complete confidence that, given time, those principles will win within my party, because I believe that something is happening to the thinking of the American people. I think they recognize that never again can we go back to a laissez faire economy, which depends entirely upon the benevolent paternalism of big business. We shall win in 1948; but if we are to continue to win in 1952, then I believe that by that time my party will have to come to the program which I have outlined here this afternoon, because unless it can deliver on that program by 1952, I am convinced that the American electorate will fail to support it in 1952—and should.

I say these things as an introduction to my speech on the tax bill, because I think they involve very fundamental political principles which cannot be separated from the fiscal program of the Government. They raise the issue very clearly as to whether or not we are to have the Government cooperate and participate in a sound social legislative program, or whether we are to deny the rights and benefits of that program to the great mass of the American people. I think it would be the height of intellectual dishonesty for any progressive Republican to tell the American people that they can have a program of needed social legislation and great reductions in taxation at the same time. But unless they have that program, then, Mr. President, we are going back to the old patterns of the 1920's, with the inevitable boom-and-bust cycle, and another depression, with all the suffering and cruelty that it entails. Then there will be a great challenge to the preservation of the private-property system itself.

So I say to American businessmen, American farmers, workers, and consumers generally, that I believe, on the basis of the facts in the RECORD, that it is clear that the fighting champions of our private-property system in this country are to be found in the ranks of progressive Republicans. We recognize that if we are to make economic and political democracy work in this country we must be willing to be perfectly honest with our electorate, and tell them that they must either make a choice for a friendly cooperative Government, working in conjunction with industry, labor, and farmers, the white-collar workers, the professions, and all the rest of those who make up the great economic producers of America, or go back to a catch-as-catch-can arrangement whereby the economically strong will once again be allowed to take advantage of the economically weak.

There are many other pieces of social legislation which I might mention, for which we progressive Republicans have stood in these two Congresses. But those I have mentioned will suffice to make clear what I consider to be the underlying and fundamental approach of the progressives to legislation, in contrast with those who do not share our views.

Let me say a word about the question of differences within the party. I do not believe that they are a bad thing, because our differences are professional and not personal. I think my opponents in the Senate—so far as my views are concerned—know that I have the highest personal regard and friendship for them. Our job seems to me to be within the party, to draw the issues and then let the voters decide them. I am always willing to face that test, knowing that sooner or later, for a multitude of reasons, the risk of political survival is so great that when one leads as often as I do with my point of view, over a period of time he will arouse sufficient opposition to give him the political knock-out punch. But what is the difference? Someone else will follow, because those ideas will never die. Such a fight in American politics and within the Republican Party is going on, and I believe that by 1952—and certainly not later than 1956—the principles of the program of progressive Republicans will prevail.

As I stated the other day, it is not pleasant or always politically comfortable to be in the minority. There is always the hope and the fighting chance, Mr. President, that one may be in the majority, and, from a personal standpoint, that makes the fight interesting. From the standpoint of my party, I am convinced it is desirable that we liberals work for our views within the party.

I have been "getting it" recently. How I have been "getting it." First, from a great newspaper in my State which supported me in the last campaign, and which now would have me resign. I am not in the habit of accommodating editors when they are wrong, Mr. President. Therefore I have not resigned and have no intention of resigning.

To those who have not read the RECORD and know nothing about my views, judging from their unfair criticisms, my position on the Taft-Hartley Act certainly makes a Communist out of me. There is no doubt about it in the minds of those critics. My answer to those critics is that I will compare my record in the Senate with that of any man in this body for opposition to everything for which communism stands.

I have been "getting it" from those who take the position that because they send me a telegram and tell me that the majority of the people of my State want me to vote a certain way on a particular issue, that settles it—I should vote that way. When I take orders from a pressure group, I shall resign out of a lack of self-respect. But do not worry; there will never be any resignation forthcoming on that ground.

I have a great friend in my State who is a banker. It is surprising how many bankers support me. They are very discerning men. They know that this private-property economy, so vital to the prosperity of all of our people and so essential to the economic interests of the bankers, will never survive under a laissez faire economy. I have found that the bankers as a group are much more liberal in the field of economics than are many of my beloved colleagues. They become a little disturbed once in a while and write and say, "Can you not stay out of just one fight? We are having an awful time at home defending you." To which I reply, "I wish I could, but, unfortunately, there are so few of us in the Congress of the United States who are progressive Republicans that we have to spread ourselves out thinly and participate in many more battles than we should like to participate in. If we fail to do it the things we think should be said will not be said, and the record we think should be made will not be made."

Progressive Republicans are constantly up against the problem of having to battle too frequenly on too many issues.

Thus I say to my banker friends: "If you really want to help me with my program, get your banker friends throughout the country to help give some campaign support to liberal Republicans who are really fighting for your best interests."

I received a letter from a banker recently, and I should like to read part of my reply to that letter as being sort of a summary of this portion of my speech, because it best shows how I feel regarding the obligations and principles about which I have been speaking. He is a very kindly and friendly man. He would like to see me return to the Senate, but he is not so sure right now that such is possible. Neither am I. But I shall put on a strong campaign—do not forget. My confidence in the common-sense judgment of the individual voter, when he walks into the voting booth, is so great that I am going to meet reactionary opposition with pleasure. I said to this banker in reply to his "Dutch uncle" letter, these things:

I am sure I need not tell you that the going is pretty rough and tough for me back here these days and I understand in Oregon as well. However, I am not at all surprised because it is not to be expected that if one does what he thinks is right on political issues he is going to be free of severe criticism when his votes on major issues are not in line with the party line. My experience in this particular doesn't differ one whit from that of many other progressives in

times past who have refused to accept the fallacious political doctrine that one should vote with his party, right or wrong.

I judge from my mail that those friends who do not think that I am just plain foolhardy think that my course of action has been a courageous one. Both groups of friends who entertain those two ideas, in my opinion, are wrong. I do not think I have been either foolhardy or courageous but rather just plain honest with myself. I have always said that representative government in this country will be really threatened when officeholders vote the dictates of pressure groups which place their selfish interests above the public welfare and then rationalize themselves into thinking that they are carrying out the wishes of a majority of their constituents. That is a very real threat to representative government in this country today.

It is so easy for politicians to cast a vote, which their own intellects tell them is a bad vote, by hiding behind the alibi that the majority of their constituents want them to vote that way. In the first place, they, in fact, do not know that to be a fact because every scientific check upon a Senator's mail shows no correlation between the mail and what the people really want when they have the facts. In the second place, I think it is a wrong principle because it ignores the true nature of representative government. We use the term "democracy" so loosely in this country that the average citizen does not recognize that the founders of our Constitution so framed it as to set up a system of checks and balances devised to protect us from some of the shortcomings of a pure democracy and gave us instead a representative system of government. I know that it is not good politics to tell the people that their system of government was not devised as a pure democracy in the theoretical sense but rather as a government of the people through the checks and balances of a representative republican form of government.

It is difficult to get them to see that one reason for the great stability of our form of government, is contrast to the instability of attempts in other countries in setting up so-called pure democracies, or in contrast with the tyranny of police states, be they Fascist, such as Hitler Germany was, or Communist, such as Russia, is to be found in the checks upon hasty majority action which are provided for in our representative system.

I recognize that there are many other angles that cannot be eliminated from consideration when one is trying to figure out his obligations in performing the duties of a job such as the one I now hold. For example, I appreciate that we cannot have a strong Republican Party unless we have some reasonable conformity on the part of Republican officeholders in carrying out a party program. Thus, when one dissents from any considerable number of Republican proposals, as I have in this session of Congress he must expect to be severely criticized as a maverick and his loyalty to his party questioned. However, when he is satisfied, as I am, that the present leadership of the Republican Party in the Congress is doing the party great injury by advancing proposals with which a great many rank-and-file members of the Republican Party are entirely out of sympathy, and when he is convinced that those proposals involve a repetition of some of the very same mistakes that our party made in the 1920's, he has to be willing to run all the risks of political sacrifice. I think that is a type of party loyalty that my critics, on this particular score, haven't seen at all. It is a greater loyalty than one of blind conformity.

I am sending under separate cover some of my recent speeches, including a copy of the speech of June 5 which has caused such a critical storm in Oregon. That was the one in regard to which the AP took out of context that part of a sentence in which I said that if I knew everyone in Oregon wanted me to vote for the Taft-Hartley bill, I would still vote against it. When you read the speech, I think you will see that my statement was a rhetorical statement aimed to emphasize the point that the duty of a Senator is to vote only for legislation which will carry out the objectives the people want to accomplish but to do it in a legislative form which will be both constitutional and workable. I voted against the Taft-Hartley bill because I knew from my experience in the field of labor relations and as a teacher of a law-school course in legislation for more than 12 years that the bill is unworkable and in some respects unconstitutional. I am greatly amused at the way the proponents of the bill in Congress, many newspapers, and many men in the business fraternity are trying to cover up and alibi for the serious defects of the bill now that they have discovered so soon after its passage that it is as full of holes as a Swiss cheese.

The time has come and, in fact, is long overdue for checking the abuses of labor, but you do not help government by law any by urging upon your representatives in Congress the passage of a law, the defects of which you obviously know nothing about and the unworkability of which will prove in the long run to be exceedingly unfair to American laborers. As I said before the law was passed, many employers and unions will participate in bootlegging tactics in order to get around the law. That is exactly what is happening all over the country and it is happening in our own State of Oregon. I have been in communication with many Oregon employers since the law was passed and they have asked me how far I think they can go in ignoring the provisions of the Taft-Hartley bill in working out off-the-record and sub rosa understandings with labor.

I do not approve of such tactics and I have told them so, and likewise I have told labor so, but you and I can't change human nature. The fact is that both employers and labor will enter into many bootleg contracts in order to avoid what they frankly admit are the unfair and unworkable provisions of the Taft-Hartley bill. You can support that sort of evasion of law if you want to, but whether you believe it or not there is nothing in my record that shows that I ever condoned such undermining of government by law.

So, Mr. President, I have taken this time today for the purpose of future reference, to discuss in broad outlines some of my conceptions of a progressive Republican program and some of my convictions as to why I think it is the duty of a Member of this body to practice the principles of representative government that were laid down by the founding fathers when the Constitution was drafted. If we keep in mind the fact that this is a representative republican form of government, then I think we shall not hesitate as individual Senators to stand out against a temporary majority opinion when we are satisfied that that opinion will not, if carried out, support the public interest.

Mr. President, in practicing that principle, I now turn my attention to the reasons for my opposition to the pending tax bill, which is supported by the leadership of my party. Not only do I turn my attention to the reasons why I am opposed to it, but I shall offer what I believe are constructive suggestions by way of amendments that will make it a program that certainly progressive Republicans can support, and a program which I think recommends itself to the Republican Party.

It is my conviction, Mr. President, that the tax philosophy expressed in the pending measure is but a revival in new form of the same bankrupt philosophy that led us into the boom-and-bust tragedy of the 1920's and 1930's.

This legislation is based upon the theory that our economy will thrive and the Republican Party will prosper if our tax laws are shaped in such a manner as to protect the wealthy and promote the accumulation of vast aggregations of capital irrespective of the effect on the purchasing power of the great majority of American businessmen, workers, and farmers.

But this theory has just one defect—it will not work. If the pending measure is enacted into law, our economy will once again be put on the primrose path to economic collapse. The Republican Party will once again be headed for repudiation by the American electorate.

Accordingly, I have drafted a set of amendments to change the philosophy of the pending measure—a set of amendments designed to promote economic stability in the years to come and to provide a genuine basis for public confidence in the Republican Party, a set of amendments which I think are in line with sound progressive Republican principle, a set of amendments which I recommend to my party.

The purposes of these amendments are as follows:

First. To provide for flexibility in the tax structure, so that Congress today can plan ahead for tax reductions that will become effective when economic conditions warrant;

Second. To provide for the reduction of personal-income taxes in a manner that will provide relief on the basis of need without removing additional people from the tax rolls;

Third. To improve the present carry-back and carry-forward provisions of our tax laws;

Fourth. To relieve the small corporation from the burden of double taxation;

Fifth. To provide proper equity in the treatment of earned income and capital-gains income;

Sixth. To improve the balance between personal-income taxes on the one hand and estate and gift taxes on the other hand;

Seventh. To prevent the future use of tax-exempt securities as a means of escaping income taxes; and

Eighth. To provide for dealing with the long-neglected problem of coordinating the tax program of the Federal Government with the tax programs of our State and local governments.

These separate amendments, Mr. President, are not a set of unconnected proposals. They fit together. They add up. They provide a program geared toward expanding consumer purchasing power without injury to business investment—a program based upon the principle of the ability to pay, but not to the point of confiscation or injury to the

profit motive—a program to encourage business investment and business expansion without encouraging a speculative orgy.

I do not claim that these eight amendments offer a complete tax program. They do not pretend to deal with all of the many long-range problems that confront us in this complex field. I believe, however, they do deal only with the minimum essentials that should be handled at this time.

It is a matter of profound regret to me that the leadership of my party in Congress has not seen fit to deal thus far with the subjects I have listed. In the haste to obtain action upon an ill-conceived program of tax reduction, the majority leadership has thus far failed to address itself to crucial problems that could have been handled—and can still be handled, and should be handled—at this first session of the Eightieth Congress.

The administration also is to be criticized for not having presented to the Congress proposals dealing with such matters as improvement of the carry-forward provisions, the problem of double taxation, the treatment of capital-gains income, the extension of estate and gift taxes, the problem of tax-exempt securities, and the problem of coordinating Federal, State, and local revenue policies.

So that my Republican brethren will have no misunderstanding at all, Mr. President, as to my views concerning the administration's tax program, let me make clear that I am just as critical of the administration for failing to cover the topics of my amendment as I am of the Republican leadership for failing to cover them in its tax program. However, nonpartisan honesty compels me to say that I think on one score the administration's position is far preferable to that of the Republican leadership in the Congress, and that is when it takes the position that now is not the time for tax reduction. If I understand the position taken by the President yesterday, as expressed by the minority leader in a statement reported in the press, the President is correct when he takes the position, if it is his position, that January 1 next is not the time, either, for tax reduction. But it is time now, Mr. President, for us to prepare a tax program which eliminates the injustices and the inequities of the present tax structure, which seeks to accomplish the ends of my amendments, and which seeks to adjust the taxation program of the country on a flexible basis as economic conditions in the country change from period to period.

Mr. President, it would have been perfectly possible for me to combine my eight amendments into one omnibus measure. However, I have chosen to present each provision separately so that each of these problems may receive more adequate attention, so that here on the floor of the Senate the Members of the Senate may endeavor to come to grips with basic problems that have too long been ignored.

Therefore, Mr. President, if it is in order, I wish to offer at this time what I have labeled my amendment No. 1.

The PRESIDING OFFICER (Mr. THYE in the chair). The amendment is in order. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to insert the following new sections 2 and 3 in the bill, strike out present sections 2 (d), 3 (b), 4 (c), 5 (c) and 6 of the bill, and renumber present sections 2, 3, 4, and 5 of the bill accordingly:

SEC. 2. Declaration of policy and purpose. It is hereby declared to be in the interest of the national welfare and necessary to the maintenance of a prosperous and stable economy, and the continuing policy of the Congress is, that Federal taxes shall not be reduced so long as employment and production remain at high levels; but that in the event of an actual or imminent decline of substantial proportions in the level of employment and production, Federal taxes shall be promptly reduced. It is the purpose of this act to provide, to the fullest extent practicable, as preparation against any possible decline of substantial proportions in employment and production, a tax reduction plan which will be available as soon as the need therefor arises.

SEC. 3. Effective date.

(a) In general: The provisions of sections 4, 5, and 6 shall be applicable with respect to taxable years beginning after December 31 of the determination year, as defined in subsection (d) of this section.

(b) Withholding of wages: The provisions of section 7 shall be applicable only with respect to wages paid on or after January 1 of the year immediately following the determination year, as defined in subsection (d) of this section.

(c) Fiscal year taxpayers: Section 108 of the Internal Revenue Code is hereby amended by striking out "(d)" at the beginning of subsection (d) and inserting in lieu therefor "(e)", and by inserting after subsection (c) the following:

"(d) Taxable years of individuals beginning in the determination year and ending in the following year: In the case of a taxable year of an individual beginning in the determination year (as defined in sec. 3 (d) of the Individual Income Tax Reduction Act of 1947) and ending in the year immediately following such determination year, the tax imposed by sections 11, 12, and 400 shall be an amount equal to the sum of—

"(1) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1 of the year immediately following such determination year, were applicable to such taxable year, which the number of days in such taxable year prior to January 1 of the year immediately following such determination year, bears to the total number of days in such taxable year, plus

"(2) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1 of the year immediately following such determination year, were applicable to such taxable year, which the number of days in such taxable year after December 31 of such determination year, bears to the total number of days in such taxable year."

(d) Definition: As used in this section, the term "determination year" shall be the year in which a determination is made that the level of employment and production has declined, or is about to decline, to a substantial extent. Such determination shall be made in a joint resolution or in an economic report transmitted by the President to the Congress: *Provided, however,* That a determination in such an economic report shall have no force and effect if, between the date of transmittal of the report and the first period of 30 calendar days of continuous session of the Congress, a concurrent resolution by the two Houses of Congress is passed disapproving such determination. For the purposes of this subsection—

(1) continuity of session shall be considered as broken only by an adjournment of Congress sine die;

(2) there shall be excluded, in the computation of the 30-day period, the days on which either House is not in session because of an adjournment of more than 3 days to a day certain; except that if a resolution with respect to such determination has been passed by one House and sent to the other, no exclusion under this subsection shall be made by reason of adjournment of the first House taken thereafter.

Mr. MORSE. Mr. President, in the interest of continuity and for the purposes I announced at the beginning of my speech, I shall proceed to discuss the amendment, and then I shall also discuss the other amendment, without offering them at this time, but I will offer them later. I want however, to have the amendments all tied together so far as my explanation of them is concerned, in this one continuous speech.

The purpose of the amendment is to provide a solution to the vexing problem of how to determine the proper time for reducing taxes.

On the one hand, there are those who say that this is the time for tax reductions. I cannot agree with that school of thought.

From the viewpoint of domestic affairs, there is no excuse whatsoever for reducing taxes now. There are still strong inflationary pressures in our economy. There is no immediate threat of any substantial decline in employment and production. The Federal Government has vast obligations which must be met—obligations to make payments on the public debt, to help our veterans adjust to civilian life, to promote American agriculture, to develop our natural resources, and many others which I have heretofore mentioned in my speech.

In regard to the national debt, I may say, Mr. President, that I was brought up on the old thrifty principle that when an individual has the money, that is the time for him to pay his debts. Even though they do not like to be told so, I fear the fact is that the American people and the American economy have surplus funds now with which to pay a substantial amount on the debt. The record is perfectly clear that at the time the measure was before the Senate calling for some $2,600,000,000 for debt payment I said, "That is not enough." I say so now. When the argument is now made that perchance or maybe we will have somewhere between $4,000,000,000 and $5,000,000,000 to pay on the debt and still be able to carry out the tax program, I say, "That is not enough." We have $255,000,000,000 of debt, and great, inevitable, potential obligations yet to come if we are to win the peace. As I have said once before on the floor of the Senate, the country is saturated with blood money, made from profiteering on the economic dislocations of a war—and we talk about a $5,000,000,000 maximum payment on the debt. It is ridiculous. It is good politics, but it is not sound economic principle. If we can pay seven, eight, or nine billion dollars on the debt

without a tax reduction, we should pay it. Why? Because we do not save the American taxpayers a single dollar if we cheapen their dollar. Mark my word, Mr. President, we are going to cheapen the dollar, and before very long. As soon as we come out of this boom, which is a false boom based, as I say, upon the economic distortions of a war, with a national debt of $255,000,000,000, what is going to happen to the value of the American dollar? I will not be a party to tax reduction at this time at the expense of cheapening the value of the dollar. The American dollar, which is worth somewhere between 60 and 65 cents, will become a 30- or 35-cent dollar in the midst of a depression. We must pay heavily on the debt to save the value of our dollar. We shall never pay a debt of $255,000,000,000 with cheap dollars. We shall never protect the economic security of 140,000,000 American people by taking advantage of the present political swing and appeasing a mistaken public opinion that now thinks this is the time for tax reduction.

What do you think would happen, Mr. President, to the thinking people of this country if 96 United States Senators dared to say to the American people, "Now is the time for you to pay on the national debt until it hurts." They would stop, look, and listen. They would do a type of thinking which they are not now doing. They would respond to that type of leadership, and they would recognize the economic soundness of it. They would say, "You 96 Senators demonstrate to us that you have squeezed out of the Federal budget every wasted dollar; demonstrate to us that you have economized to the greatest extent possible in the elimination of unnecessary expenditures and waste, and we will pay the taxes necessary to reduce the $255,000,000,000 debt by much more than $5,000,000,000," which is the greatest sum I have heard suggested in this debate.

That is what I think the American people would do. I happen to be of the opinion that as their representatives that is our responsibility. I happen to be of the opinion that if we took that position, even on the political level, it would not make a single bit of change in the 1948 elections.

There is the issue. That is the great difference which exists in this debate—whether or not, when we are at the height of prosperity in this country, with full employment apparently equal to that of the highest peak in the war, we should pay high taxes to reduce the debt. I shall stand on that issue in the full confidence that I am right. My position is completely in line with the training given to me by my parents when, by their own practices they demonstrated and by their own teachings they urged, "When you have the money, that is the time to pay your debts." I say to the American people, tough as the times may seem to them to be because of the cost-of-living problems which confront them, nevertheless their obligations of loyalty to our system should make it perfectly clear to them that now is the time to reduce the debt, certainly by whatever amount of tax reduction is sought for them by this unfortunate bill.

So I shall vote to sustain the veto if the bill is vetoed. I shall vote to sustain it because I think such a vote would be decidedly in the economic interest of my country.

From the viewpoint of foreign affairs, this would be the worst possible time to reduce taxes. Secretary of State Marshall has asked the nations of Europe to survey their reconstruction needs, to find out to what extent they can help themselves, and then tell America how much help from us will be needed. Until such time as we have heard from those European nations that accept the Marshall proposal, until such time as we may know the need for increased foreign aid, a reduction in taxes can be classed as little short of a betrayal of our foreign policy and a congressional nullification of the Marshall plan.

On the other hand, there are those who say that this is no time for tax legislation. According to this school of thought, tax-reduction legislation should be held up until an economic decline has already set in, business is on the skids, and men are walking the streets looking for work.

I cannot agree with this school of thought. To delay legislation until the time when reductions are essential means that before any reductions will be forthcoming, we will have instead a protracted period of delay and debate. It is just as though one were to say that all legislation authorizing future programs of public works should be held up until we have an unemployment crisis.

The purpose of my first amendment is to provide a method whereby the Congress today, at this moment, when reductions are not yet necessary, can prepare advance plans for reductions that may be needed in the future. The purpose of this amendment is to apply in the field of taxation the same sound principle of advance planning that has for so many years been taken for granted with respect to public works.

Every Member of the Senate will agree, I think, that the time to build up a shelf of public-works projects is while our economy is still running at high gear. Is it not simple common sense to apply this same true and tested principle to the tax program?

Is it not plain and businesslike common sense to enact a tax-reduction program now, make it complete in every respect except as to its effective date, and then put it on the shelf for use when the time comes?

The amendment that I have offered does just that. It sets forth a declaration of policy which includes three points:

First. That so long as production and employment remain at high levels, there should be no reduction in taxes.

Second. That in the event of an actual or imminent decline of substantial proportions in the level of production and employment, taxes be then promptly reduced.

Third. That to the fullest extent practicable as preparation against any possible decline of substantial proportions in employment and production, advance plans for such tax reduction be set forth in legislation.

Under this amendment the character of the tax reduction will be determined by Congress now. The effective date of the tax reduction, which could not come before January 1, 1949, would be determined later.

This determination could be made either by a joint resolution or by the President in an economic report transmitted to the Congress. If the President makes such a determination in a report to Congress, it shall be effective only if Congress does not override the President's plan by a concurrent resolution. The Congress is given 30 days to take such action—30 days between the date on which the President's data is transmitted to Congress and the expiration of the first period of 30 calendar days of continuous session of Congress.

This provision is modeled to some extent after the so-called legislative veto provisions of the Reorganization Act of 1945, under which a concurrent resolution can nullify a Presidential reorganization plan. But the amendment goes much further than does the Reorganization Act of 1945 in protecting the prerogatives of Congress. The Congress need not wait for a Presidential plan. It can initiate action on its own through a joint resolution. Since we now have a Joint Economic Committee charged with the responsibility of watching economic trends, I have no doubt whatsoever that once that committee's surveys conclusively show an imminent decline in employment and production a joint resolution taking the tax-reduction program off the shelf will promptly be passed by any Congress then in session.

I now desire to discuss my second amendment.

The second amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950) to reduce individual income-tax payments is as follows:

Strike out all after the enacting clause and insert the following:

"That this act may be cited as the 'Individual Income Tax Reduction Act of 1947.'

"SEC. 2. Reduction in normal tax and surtax.

"(a) Section 11 of the Internal Revenue Code (relating to normal tax on individuals) is hereby amended to read as follows:

" 'There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 3 percent of the amount of the net income in excess of the credits against net income provided in section 25 (a). For alternative tax which may be elected if adjusted gross income is less than $5,000, see Supplement T.'

"(b) Section 12 (b) of the Internal Revenue Code (relating to rates of surtax) is hereby amended to read as follows:

" '(b) Rates of surtax: There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual the surtax shown in the following table:

" 'If the surtax net income is:	The surtax shall be:
Not over $500	7 percent of the surtax net income.
Over $500 but not over $1,000.	$35, plus 9 percent of the excess over $500.
Over $1,000 but not over $1,500.	$80, plus 11 percent of the excess over $1,000.
Over $1,500 but not over $2,000.	$135, plus 13 percent of the excess over $1,500.

"'If the surtax net income is:	The surtax shall be:
Over $2,000 but not over $4,000.	$200, plus 15 percent of the excess over $2,000.
Over $4,000 but not over $6,000.	$500, plus 18 percent of the excess over $4,000.
Over $6,000 but not over $8,000.	$860, plus 22 percent of the excess over $6,000.
Over $8,000 but not over $10,000.	$1,300, plus 26 percent of the excess over $8,000.
Over $10,000 but not over $12,000.	$1,820, plus 30 percent of the excess over $10,000.
Over $12,000 but not over $14,000.	$2,420, plus 35 percent of the excess over $12,000.
Over $14,000 but not over $16,000.	$3,120, plus 38 percent of the excess over $14,000.
Over $16,000 but not over $18,000.	$3,880, plus 41 percent of the excess over $16,000.
Over $18,000 but not over $20,000.	$4,700, plus 44 percent of the excess over $18,000.
Over $20,000 but not over $22,000.	$5,580, plus 47 percent of the excess over $20,000.
Over $22,000 but not over $26,000.	$6,520, plus 50 percent of the excess over $22,000.
Over $26,000 but not over $32,000.	$8,520, plus 53 percent of the excess over $26,000.
Over $32,000 but not over $38,000.	$11,700, plus 56 percent of the excess over $32,000.
Over $38,000 but not over $44,000.	$15,060, plus 59 percent of the excess over $38,000.
Over $44,000 but not over $50,000.	$18,000, plus 62 percent of the excess over $44,000.
Over $50,000 but not over $60,000.	$22,320, plus 65 percent of the excess over $50,000.
Over $60,000 but not over $70,000.	$28,820, plus 68 percent of the excess over $60,000.
Over $70,000 but not over $80,000.	$35,620, plus 71 percent of the excess over $70,000.
Over $80,000 but not over $90,000.	$42,720, plus 74 percent of the excess over $80,000.
Over $90,000 but not over $100,000.	$50,000, plus 76 percent of the excess over $90,000.
Over $100,000 but not over $150,000.	$57,720, plus 78 percent of the excess over $100,000.
Over $150,000 but not over $200,000.	$96,720, plus 79 percent of the excess over $150,000.
Over $200,000	$136,220, plus 80 percent of the excess over $200,000.'

"SEC. 3. The Secretary of the Treasury is authorized and directed to make such changes in the tables in section 400 (Optional Tax Table) and section 1622 (Withholding Tables) as may be necessary to reflect the reduction in taxes provided for in section 2 of this act.

"SEC. 4. The amendments to the Internal Revenue Code made by this act shall become effective with respect to taxable years beginning after December 31, 1947."

SCHEDULE OF INDIVIDUAL INCOME NORMAL TAX AND SURTAX RATES

Mr. MORSE. The attached schedule of normal tax and surtax rates would reduce the individual income tax revenues by approximately $4,100,000,000, assuming income payments of $166,000,000,000 in calendar year 1947. The rates in the attached schedule are not tentative but are net rates as compared with present law tentative rates.

Under this schedule, the combined normal and surtax rates would be reduced by about 3 percentage points for net incomes after personal exemptions above $2,000. For net incomes after personal exemptions of less than $2,000, 4 new brackets of $500 each would be provided. On the first $500 of net income after exemptions, the combined normal and surtax rate would be 10 percent or 9 percentage points less than the present law combined rate of 19 percent. From $500 to $1,000 the combined rate would be 12 percent or 7 percentage points less than the present law rate. From $1,000 to $1,500, the combined rate would be 14 percent, and from $1,500 to $2,000, the rate would be 16 percent in comparison with the combined rate of 19 percent under present law.

This schedule would reduce the taxes of low-income taxpayers proportionately more than the taxes of high-income taxpayers. For example, a married person with no dependents would receive a 63-percent tax reduction at the $1,500 net income level, a 37-percent reduction at the $5,000 level, and a 12-percent reduction at the $50,000 level.

I now desire to discuss my third amendment.

The third amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950), to reduce individual income tax payments, is as follows:

"SEC. —. Carry-overs of net operating loss.

"(a) Section 122 (a) of the Internal Revenue Code (relating to definition of net operating loss) is amended to read as follows:

"'(a) Definition of net operating loss: As used in this section, the term "net operating loss" means the excess of the deductions allowed by this chapter over the gross income, with the adjustments provided in subsection (d). For such purpose a net operating loss is to be computed under the law applicable to the taxable year of such net operating loss.'

"(b) Section 122 (b) of the Internal Revenue Code (relating to amount of carry-back and carry-over) is amended to read as follows:

"'(b) Amount of net operating loss carry-over: If for any taxable year beginning after December 31, 1947, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-over for each of the five succeeding taxable years, except that the carry-over in the case of each of the succeeding taxable years after the first succeeding taxable year shall be the excess, if any, of the amount of such net operating loss over the net income for the intervening taxable year or years computed, under the law applicable to such years, (A) with the adjustments provided in subsection (d) (1), (2) and (4) and (B) by determining the net operating loss deductions for such intervening taxable year or years without regard to such net operating loss or the net operating loss of a year subsequent to the taxable year, and without regard to any reduction specified in subsection (c).'

"(c) Section 122 (c) of the Internal Revenue Code (relating to amount of net operating loss deduction) is amended to read as follows:

"'(c) Amount of net operating loss deduction: The amount of the net operating loss deduction shall be the aggregate of the amounts of the net operating loss carry-overs to the taxable year reduced by the amount, if any, by which the net income computed with the adjustments provided in subsection (d) (1), (2), (3), and (4) exceeds, in the case of a taxpayer other than a corporation, the net income (computed without such deduction), or, in the case of a corporation, the normal-tax net income (computed without such deduction).'

"(d) Section 122 (d) of the Internal Revenue Code (relating to exceptions, additions, and limitations) is amended—

"(1) By striking out "The exemptions, additions, and limitations referred to in subsections (a), (b), and (c) shall be as follows:" and inserting in lieu thereof "The adjustments referred to in subsections (a), (b), and (c) shall include the following exceptions, additions, and limitations:"; and

"(2) By striking out paragraph (6).

"(e) Carry-backs and carry-overs from years beginning before January 1, 1948: Despite the provisions of subsection (b) of this section the provisions of section 122 (b) prior to its amendment by this section shall remain in force for the purposes of the determination of the carry-backs and carry-overs of a net operating loss from any taxable year beginning before January 1, 1948; such determination to be made as if subsection (b) had not been enacted."

BUSINESS LOSS CARRY-FORWARDS

Mr. MORSE. Opportunities to offset business operating losses sustained in 1 year against taxable income of other years is very important for both the equity and economic effects of the income tax. Unless adequate loss offsets are allowed, the income tax may become in part a tax on capital rather than on true net income, and this will be unfair and will damage the incentive to invest. Adequate loss offsets are especially important for small, undiversified firms.

Under present law, net operating losses of both incorporated and unincorporated businesses may be carried back and applied against the income of the two preceding years, and any unabsorbed balance may be carried forward against the income of the two following years.

Consideration should be given to two questions: First, whether the present loss offset period is long enough, and, second, whether the emphasis should be on carry-forwards or carry-backs.

There is no conclusive evidence as to length of loss offset period needed. There is, however, or seems to be, among tax experts, rather general agreement that at least a moderate lengthening of the present 4-year period is desirable. The administrative difficulties associated with very long offset periods argue against any great extension of the period, unless further experience demonstrates its desirability. A 5-year offset period would seem to be sufficient to allow most depression losses to be offset against income of more prosperous years.

It would be desirable to shift from the present combination of carry-backs and carry-forwards to a 5-year carry-forward with no carry-back, as my amendment seeks to accomplish. A carry-forward is preferable to a carry-back, because a carry-back is of no benefit to new businesses and may even give their established competitors an unfair advantage. Moreover, a carry-forward is administratively simpler. Unlike a carry-

back, a carry-forward does not require that returns of prior years be kept open and that old transactions be audited.

I now desire to discuss my fourth amendment.

The fourth amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950) to reduce individual income-tax payments, is as follows:

At the proper place in the bill insert the following:

"SEC. —. Optional tax in case of small corporations and shareholders therein.

"(a) The Internal Revenue Code is hereby amended by adding after section 15, the following new section:

" 'SEC. 16. Tax on small corporations.

" 'If a small corporation (as defined in Supplement V) signifies in its return under this chapter, under the conditions specified in Supplement V, its desire not to be subject to the tax imposed by section 13 (b), section 14 (a), section 14 (b), or section 15, it shall be exempt from such tax for the taxable year, and the provisions of Supplement V shall apply to the shareholders in such corporation who were shareholders on the last day of such taxable year of the corporation. Such corporation shall not be exempt for such year if it is a member of an affiliated group of corporations filing consolidated returns under section 141.'

"(b) The Internal Revenue Code is hereby amended by adding after section 421, the following:

" 'SUPPLEMENT V—TAX ON SHAREHOLDERS OF SMALL CORPORATIONS

" 'SEC. 422. Applicability of supplement.

" 'If a small corporation (as defined in section 423) is exempt under section 16 for a taxable year from income tax under Chapter 1, the provisions of this supplement shall be applicable with respect to each shareholder of such corporation who was a shareholder in such corporation on the last day of such taxable year of the corporation.

" 'SEC. 423. Definition of small corporations.

" 'As used in this supplement, the term "small corporation" means a corporation which has—

" '(A) no more than five stockholders of record at any one time during the taxable year next preceding the taxable year in which such corporation signifies its desire to be exempt under section 16, or has more than five such stockholders and submits to the Commissioner under regulations prescribed by the Commissioner with the approval of the Secretary, the written consent of individuals owning at least 95 percent of the stock outstanding on the 15th day of the last month of the corporation's taxable year for such corporation to signify its desire to be exempt under section 16;

" '(B) only common stock outstanding;

" '(C) only individuals who are citizens or residents of the United States as shareholders;

" '(D) no securities registered at any securities exchange; and

" '(E) sold none of its securities to an insurance company or another financial institution (other than a local development bank chartered to aid small business).

" 'SEC. 424. Termination of election.

" 'If a corporation signifies its desire to elect the provisions of section 16 and this supplement, such election shall continue in effect until such corporation shall no longer be eligible for taxation as a small corporation, or such corporation indicates under regulations prescribed by the Commissioner with the approval of the Secretary that it no longer desires to be taxed under the provisions of section 16 and this supplement. A corporation which terminates its election, shall not be eligible for taxation as a small corporation for any taxable year subsequent to the taxable year in which such election is terminated.

" 'SEC. 425. Undistributed Supplement V net income.

" 'For the purposes of this chapter, the term "undistributed Supplement V net income" means the Supplement V net income (as defined in section 426) minus the amount of dividends paid during the taxable year. For the purposes of this section the amount of dividends paid shall be computed in the same manner as provided in subsections (d), (e), (f), (g), (h), and (i) of section 27.

" 'SEC. 426. Supplement V net income.

" 'For the purposes of this chapter, the term "Supplement V net income" means the net income except that the following shall not be allowed:

" '(A) The credit for dividends received provided in section 26 (b);

" '(B) The deduction for charitable and other contributions provided by section 23 (g); and

" '(C) The credit for taxes of foreign countries and possessions of the United States provided by section 131.

" 'SEC. 427. Corporation income taxed to shareholders.

" '(a) General rule: The undistributed Supplement V net income (but not net loss) of a small corporation shall be included in the gross income of the shareholders in the manner and to the extent set forth in this Supplement.

" '(b) Amount included in gross income: Each shareholder who, on the last day of the taxable year of the corporation, was a shareholder in such corporation shall include in his gross income, as a dividend, for the taxable year in which or with which the taxable year of the corporation ends, the amount he would have received as a dividend if on such last day there had been distributed by the corporation, and received by the shareholders, an amount equal to the undistributed Supplement V net income of the corporation for its taxable year.

" '(c) Effect on capital account of small corporation: An amount equal to the undistributed Supplement V net income of the small corporation for its taxable year shall be considered as paid-in surplus or as a contribution to capital, and the accumulated earnings and profits as of the close of such taxable year shall be correspondingly reduced, if such amount is included as a dividend in the gross income of the shareholders.

" '(d) Basis of stock in hands of shareholders: The amount required to be included in the gross income of the shareholder under subsection (b) shall, for the purpose of adjusting the basis of his stock with respect to which the distribution would have been made (if it had been made), be treated as having been reinvested by the shareholder as a contribution to the capital of the corporation, to the extent to which such amount is included in his gross income in his return, increased or decreased by any adjustment of such amount in the last determination of the shareholder's tax liability, made before the expiration of 7 years after the date prescribed by law for filing the return.

" '(e) Period of limitation on assessment and collection: For period of limitation on assessment and collection without assessment, in the case of failure to include in gross income the amount properly includible therein under subsection (b), see section 275 (d).'

"(c) Section 275 (d) of the Internal Revenue Code is hereby amended by adding after subparagraph (2) the following new subparagraph:

" '(3) Small corporations: Under section 427 (b) (relating to the inclusion in the gross income of shareholders of their distributive shares of undistributed Supplement V net income of a small corporation).' "

THE PROBLEM OF DOUBLE TAXATION OF CORPORATE PROFITS AND METHODS OF REDUCING OR ELIMINATING DOUBLE TAXATION

Mr. MORSE. The problem as I see it is as follows:

Corporations are now taxed on their net income at rates ranging from 21 percent for small corporations to 38 percent for corporations with net incomes in excess of $50,000. Individual stockholders are taxed on their dividend income at the regular individual income-tax rates. The application of both the corporate and individual income tax results in what is commonly called double taxation of distributed profits. This is held to be both inequitable and damaging to the incentive to invest.

The problem arises only with respect to the distributed part of corporate profits, since only the corporate income tax is applied to profits retained in the enterprise for reasonable business purposes. Moreover, the problem is not simply a matter of double taxation in the literal sense of imposition of two separate taxes on the same income. More generally stated, it is a problem of taxation of dividends at higher rates than other kinds of income. Profits distributed to stockholders whose incomes are too small to be subject to the individual income tax are, nevertheless, subject to the corporate income tax and are hence taxed more heavily than other kinds of income going to the same individuals. In fact, the relative overtaxation is greater in the case of these low-income stockholders than in the case of high-income stockholders. This is so because in the case of high-income stockholders who are subject to the upper brackets of the individual income tax, a considerable part of the corporate tax merely takes the place of the individual income tax that would otherwise be due on dividend income.

GENERAL METHODS OF REDUCING OR ELIMINATING DOUBLE TAXATION

The existing double taxation of distributed corporate profits could be reduced or eliminated either by an adjustment in the tax paid by stockholders on dividend income or by an adjustment in the tax paid by corporations on the distributed part of profits. Two types of plans that have been advanced are briefly outlined here:

A. WITHHOLDING PLAN (CED PROPOSAL)

The Committee for Economic Development and others have recommended a withholding plan for reducing or eliminating double taxation. This approach is used in Great Britain, and is sometimes called the British system. Corporations would pay a tax on their whole net income, but part or all of the tax would be regarded as advance withholding of stockholders' taxes on dividend income. When dividends were declared, stockholders would include in their taxable income cash dividends received, plus the withholding tax on the income from which they were declared. In paying their individual income tax, however, stockholders would take credit for the withholding tax. In cases where the amount withheld exceeded the stockholder's individual income-tax liability,

he would receive a refund from the Treasury. In operation, the withholding plan would be rather similar to the present withholding on salaries and wages, but the amount withheld would not be adjusted to take account of the stockholder's personal exemption and credit for dependents.

B. REDUCTION OR ELIMINATION OF THE CORPORATE TAX ON DISTRIBUTED PROFITS (RUML-SONNE PLAN)

Another approach to the double-taxation problem, which has been recommended by Beardsley Ruml and H. Chr. Sonne—Fiscal and Monetary Policy, Planning Pamphlet No. 35, National Planning Association, 1944; see also Mr. Ruml's article, Fiscal Policy and Taxation and Discussion, proceedings of the National Tax Association, 1944, pages 167–173, 181–187—among others, is to reduce or eliminate the corporate tax on distributed profits but not on undistributed profits. This could be accomplished either by continuing the corporate income tax and allowing corporations a credit or deduction for dividends paid, or by eliminating the corporate income tax and imposing a tax on undistributed profits. This approach would eliminate or reduce the double taxation of distributed profits, but would keep a tax on undistributed profits in order to prevent tax avoidance and undue revenue loss. This approach could achieve exactly the same allocation of taxes on dividend recipients as the withholding method.

C. OTHER PLANS

Other plans that have been advanced include exemption of all dividends received from the first-bracket rate of the individual income tax and exemption of a part of dividends from all brackets of the individual income tax. These plans could reduce the extent of double taxation, but in general they would be less exact and less equitable than the withholding method and the Ruml-Sonne type of proposal. They would offer no benefit to stockholders whose incomes are too small to be subject to the individual income tax, but would reduce the tax on dividends received by high-income stockholders below the rate paid on other kinds of income.

PARTNERSHIP TAX TREATMENT FOR CERTAIN CORPORATIONS

The plans discussed above are general methods of reducing or eliminating double taxation for all corporations. A special approach has been suggested, however, for certain corporations which closely resemble partnerships in many respects, and which are in direct competition with unincorporated enterprises.

It has been suggested that corporations with simple capital structures and a small number of stockholders be given the option of being taxed like partnerships. Under the partnership treatment, the corporate income tax would be completely eliminated, and stockholders would be taxed at the regular individual income-tax rates on their part of both distributed and undistributed profits. For tax purposes, the corporate form would be largely disregarded.

The partnership option would not be formally restricted to small corporations, but in practice most of the corporations eligible would be small concerns. It is unlikely that the few large corporations that would be eligible would choose the option. The corporations eligible for the partnership treatment would be the vast majority of all corporations, but they earn only a small part of total corporate profits.

The partnership treatment would be an effective and equitable means of eliminating double taxation in a certain area. It would also reduce taxes on reinvested earnings in the case of corporations owned by low-income stockholders. The partnership treatment would eliminate any tax discrimination between incorporated and unincorporated businesses.

COMMENTS ON REVISED TREATMENT OF CAPITAL GAINS

Mr. President, I now wish to comment on my fifth amendment, dealing with a revised treatment of capital gains.

The fifth amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950) to reduce individual income-tax payments is as follows:

At the proper place in the bill insert the following:

"SEC. —. Capital gains and losses.

"(a) Holding period, short- and long-term gains and losses: Section 117 is amended by striking out '6 months' wherever occurring therein and inserting in lieu thereof '12 months.'

"(b) Definitions: Section 117 (a) is amended by inserting at the end thereof the following new paragraphs:

"'(12) Net alternative-tax capital loss: The term "net alternative-tax capital loss" means the excess of the losses for the taxable year from sales or exchanges of capital assets held for not more than 36 months over the gains for such taxable year from sales or exchanges of capital assets held for not more than 36 months, if and to the extent such losses and gains are taken into account in computing net income.

"'(13) Net alternative-tax capital gain: The term "net alternative-tax capital gain" means the excess of the gains for the taxable year from sales or exchanges of capital assets held for more than 36 months over losses for such taxable year from sales or exchanges of capital assets held for more than 36 months, if and to the extent such gains and losses are taken into account in computing net income.'

"(c) Percentage taken into account: Section 117 (b) is amended to read as follows:

"'(b) In the case of a taxpayer, other than a corporation, only the following percentages of the gain or loss recognized upon the sale or exchange of a capital asset shall be taken into account in computing net capital gain, net capital loss, and net income:

"'100 percent if the capital asset has been held for not more than 12 months;

"'75 percent if the capital asset has been held for more than 12 months but not more than 24 months;

"'50 percent if the capital asset has been held for more than 24 months.'

"(d) Alternative taxes.

"(1) Section 117 (c) is amended to read as follows:

"'(c) Alternative taxes.

"'(1) Cooperations: If for any taxable year the net alternative tax capital gain of any corporation exceeds the net alternative tax capital loss, there shall be levied, collected, and paid, in lieu of the tax imposed by sections 13, 14, 15, 204, 207 (a) (1) or (3), and 500, a tax determined as follows, if and only such tax is less than the tax imposed by such sections:

"'A partial tax shall first be computed upon the net income reduced by the amount of such excess, at the rates and in the manner as if this subsection had not been enacted, and the total tax shall be the partial tax plus 25 per centum of such excess.

"'(2) Other taxpayers: If for any taxable year the net alternative tax capital gain of any taxpayer (other than a corporation) exceeds the net alternative tax capital loss there shall be levied, collected, and paid, in lieu of the tax imposed by sections 11 and 12, a tax determined as follows, if and only if such tax is less than the tax imposed by such sections:

"'A partial tax shall first be computed upon the net income reduced by the amount of such excess, at the rates and in the manner as if this subsection had not been enacted, and the total tax shall be the partial tax plus 50 percent of such excess.'

"(2) Section 12 (c) is amended by striking out 'six' therein and inserting in lieu 'thirty-six.'

"(e) Capital gains and losses of common trust funds: Section 169 (c) (1) is amended by striking out '6 months' wherever occurring and inserting in lieu thereof '12 months.'

"(f) Capital gains and losses of partners: Section 182 is amended by striking out '6 months' wherever occurring therein and inserting in lieu thereof '12 months.'

"(g) Effective date: This section shall be applicable to taxable years beginning after December 31, 1948."

Mr. MORSE. Mr. President, it has been proposed that the existing treatment of capital gains and losses be revised. The present law provides that short term gains and losses are those from the sale or exchange of assets held for not more than 6 months, and that long term gains and losses are those from the sale or exchange of assets held more than 6 months. For individual income tax purposes, 100 percent of short term gains and losses are included in income, while 50 percent of long-term gains and losses are recognized. Under the proposed revisions there would be several holding periods, instead of two sharply distinct holding periods. One hundred percent gains and losses from assets held not more than 12 months would be included in ordinary income; 75 percent of those from assets held more than 12, but not more than 24 months, would be included; and 50 percent of those from assets held more than 24 months, but not more than 36 months, would be included.

The lengthening of the first holding period from 6 to 12 months is necessary in order that speculative income be put on the same footing as earned and business incomes. Under present law, speculative income from assets held more than 6 months is given long-term capital gains treatment, and is not made subject to full income tax rates, as is earned and business income. That is, so the tax experts tell me, only 50 percent of income from speculation may be included in taxable income, and, if the alternative tax is applied, such speculative income may be taxed at only 25 percent. It is difficult for me to see why speculative income earned over the period of one taxable year should not be subject to the same rate of tax as wages, salaries, and business incomes earned over the period of one taxable year.

A short holding period of 6 months encourages the conversion of ordinary speculative income into long term gains and leads to a loss of revenue to the

Government. A 12-month holding period would allow the securities markets to take their normal course without the presence of a non-economic factor in the form of a 6-month holding period. The 12-month holding period would mean there is less inducement to short-selling and to dumping securities on which losses have accumulated in less than 6 months. There would then be less danger of sudden depressions of the securities markets.

Finally, there is ample historical precedent for an initial holding period of at least 1 year. From 1922 to 1933, there was a single holding period of 2 years. From 1934 to 1937 there were five holding periods, 100 percent inclusion on income and full income-tax treatment being extended to gains and losses from assets held 1 year or less. Between 1938 and 1941, speculative gains and losses, which were treated as ordinary income, were gains and losses from the sale and exchange of assets held not more than 18 months.

The revised treatment of capital gains and losses would include in ordinary income 75 percent of gains and losses from assets held over 12 months but not over 24 months, and 50 percent of gains and losses from assets held more than 24 months but not more than 36 months. These gradual step-downs of recognition of gain or loss are in contrast to the sharp distinction between short-term and long-term gain of present law. Provision for these intermediate-length gains and losses improves the equity of treatment between short- and long-term gains and losses. In addition, the gradualness of the step-down reduces the incentive to hold assets for a short while longer just to get a sizable tax advantage. The length of time, 3 years, over which the step-down is spread also reduces the tendency to hold. This encouragement of earlier realization embodied in the multiple-holding-period system would thus minimize the loss in revenue to the Government from the treatment of capital gains. Finally, there is historical precedent in the entire treatment of capital gains through the 1930's for recognizing that capital gains are accumulated over long periods of time even though they are realized at one particular point of time. The acts of 1934 and 1938 provided for recognition of a smaller proportion of gain or loss from assets held for longer periods of time.

The revised capital-gains tax would apply an alternative tax of 25 percent of the net gain on assets held more than 36 months as compared to the present alternative tax of 25 percent of the net gain on assets held more than 6 months. The present alternative tax is inequitable in that it enables high-income individuals to get a preferential rate of 25 percent even on speculative gains accrued in less than a year. The new alternative tax is a supplement to the step-down of recognition provided in the multiple-holding period. It recognizes that a large gain accumulated over more than 3 years might bring a person into a high tax bracket when the gain is realized. It constitutes an attempt to tax the gain as if it were realized over smaller successive intervals of time.

The loss offset provisions of present law would continue in the revised treatment. Short-term gains and losses would be gains and losses from the sale or exchange of assets held not more than 12 months. Long-term gains and losses would be gains and losses on assets held more than 12 months. The provisions of present law with respect to loss offsets and carry-overs of capital losses are generally satisfactory.

I now desire to discuss my sixth amendment.

The sixth amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950) to reduce individual income-tax payments, is as follows:

At the proper place in the bill insert the following:

"SEC. —. Estate and gift taxes.

"(a) Reduction in estate tax rates and exemption.

"(1) Estate tax rates: Section 935 (b), relating to the computation of the tentative estate tax, is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall be the tentative tax shown in the following table:

"'If the net estate is:	The tentative tax shall be:
Not over $5,000	2 percent of the net estate.
Over $5,000 but not over $10,000	$100, plus 5 percent of excess over $5,000
Over $10,000 but not over $20,000	$350, plus 9 percent of excess over $10,000.
Over $20,000 but not over $30,000	$1,250, plus 13 percent of excess over $20,000.
Over $30,000 but not over $40,000	$2,550, plus 17 percent of excess over $30,000.
Over $40,000 but not over $50,000	$4,250, plus 21 percent of excess over $40,000.
Over $50,000 but not over $60,000	$6,350, plus 24 percent of excess over $50,000.
Over $60,000 but not over $100,000	$8,750, plus 26 percent of excess over $60,000
Over $100,000 but not over $200,000	$19,150, plus 28 percent of excess over $100,000.
Over $200,000 but not over $300,000	$47,150, plus 30 percent of excess over $200,000.
Over $300,000 but not over $500,000	$77,150, plus 32 percent of excess over $300,000.
Over $500,000 but not over $750,000	$141,150, plus 34 percent of excess over $500,000.
Over $750,000 but not over $1,000,000	$226,150, plus 36 percent of excess over $750,000.
Over $1,000,000 but not over $1,250,000	$316,150, plus 38 percent of excess over $1,000,000.
Over $1,250,000 but not over $1,500,000	$411,150, plus 41 percent of excess over $1,250,000.
Over $1,500,000 but not over $2,000,000	$513,650, plus 44 percent of excess over $1,500,000.
Over $2,000,000 but not over $2,500,000	$733,650, plus 47 percent of excess over $2,000,000.
Over $2,500,000 but not over $3,000,000	$968,650, plus 50 percent of excess over $2,500,000.
Over $3,000,000 but not over $4,000,000	$1,218,650, plus 53 percent of excess over $3,000,000.
Over $4,000,000 but not over $5,000,000	$1,748,650, plus 56 percent of excess over $4,000,000.
Over $5,000,000 but not over $6,000,000	$2,308,650, plus 59 percent of excess over $5,000,000.
Over $6,000,000 but not over $7,000,000	$2,898,650, plus 61 percent of excess over $6,000,000.
Over $7,000,000 but not over $8,000,000	$3,508,650, plus 63 percent of excess over $7,000,000.
Over $8,000,000 but not over $10,000,000	$4,138,650, plus 65 percent of excess over $8,000,000.
Over $10,000,000	$5,438,650, plus 67 percent of excess over $10,000,000.'

"(2) Estate tax exemption: Section 935 (c), relating to the exemption for purposes of the additional estate tax, is amended by striking out '$60,000' and inserting in lieu thereof '$40,000.'

"(3) Effective date: The amendments made by this subsection shall be effective with respect to the estates of decedents dying after the date of enactment of this act.

"(b) Reduction in gift tax rates, exclusion and specific exemption.

"(1) Gift tax rate schedule.

"(A) The rate schedule contained in section 1001 (a) is amended to read as follows:

"'*Rate schedule*

"'It the net gifts are:	The tax shall be:
Not over $5,000	1½ percent of the net gifts.
Over $5,000 but not over $10,000	$75, plus 3¾ percent of excess over $5,000.
Over $10,000 but not over $20,000	$262, plus 6¾ percent of excess over $10,000.
Over $20,000 but not over $30,000	$937, plus 9¾ percent of excess over $20,000.
Over $30,000 but not over $40,000	$1,912, plus 12¾ percent of excess over $30,000.
Over $40,000 but not over $50,000	$3,187, plus 15¾ percent of excess over $40,000.
Over $50,000 but not over $60,000	$4,762, plus 18 percent of excess over $50,000.
Over $60,000 but not over $100,000	$6,562, plus 19½ percent of excess over $60,000.
Over $100,000 but not over $200,000	$14,362, plus 21 percent of excess over $100,000.
Over $200,000 but not over $300,000	$35,362, plus 22½ percent of excess over $200,000.
Over $300,000 but not over $500,000	$57,862, plus 24 percent of excess over $300,000.
Over $500,000 but not over $750,000	$105,862, plus 25½ percent of excess over $500,000.
Over $750,000 but not over $1,000,000	$169,612, plus 27 percent of excess over $750,000.
Over $1,000,000 but not over $1,250,000	$237,112, plus 28½ percent of excess over $1,000,000.
Over $1,250,000 but not over $1,500,000	$308,362, plus 30¾ percent of excess over $1,250,000.
Over $1,500,000 but not over $2,000,000	$385,237, plus 33 percent of excess over $1,500,000.
Over $2,000,000 but not over $2,500,000	$550,237, plus 35¼ percent of excess over $2,000,000.

"'If the net gifts are: The tax shall be:

Over $2,500,000 but not over $3,000,000	$726,487, plus 37½ percent of excess over $2,500,000.
Over $3,000,000 but not over $4,000,000	$913,987, plus 39¾ percent of excess over $3,000,000.
Over $4,000,000 but not over $5,000,000	$1,311,487, plus 42 percent of excess over $4,000,000.
Over $5,000,000 but not over $6,000,000	$1,731,487, plus 44¼ percent of excess over $5,000,000.
Over $6,000,000 but not over $7,000,000	$2,173,987, plus 45¾ percent of excess over $6,000,000.
Over $7,000,000 but not over $8,000,000	$2,631,487, plus 47¼ percent of excess over $7,000,000.
Over $8,000,000 but not over $10,000,000	$3,103,987, plus 48¾ percent of excess over $8,000,000.
Over $10,000,000	$4,078,987, plus 50¼ percent of excess over $10,000,000.'

"(B) The amendments made by this paragraph shall be applied in computing the tax for the calendar year 1948 and subsequent calendar years, and shall be applied in all computations in respect of the calendar year 1947 and previous calendar years for the purpose of computing the tax for the calendar year 1948 and subsequent calendar years.

"(2) Gift-tax exclusion: Section 1003 (b) (3), relating to the exclusion of gifts, is amended to read as follows:

"'(3) Gifts after 1942 and prior to 1948: In the case of gifts (other than the gifts of future interests in property) made to any person by the donor during the calendar year 1943 and subsequent calendar years prior to 1948, the first $3,000 of such gifts to such person shall not, for the purposes of subsection (a) be included in the total amount of gifts made during such year.

"'(4) Gifts after 1947: In the case of gifts (other than the gifts of future interests in property) made to any person by the donor during the calendar year 1948 and subsequent calendar years, the first $2,000 of such gifts to such person shall not, for the purposes of subsection (a), be included in the total amount of gifts made during such year.'

"(3) Gift tax exemption.

"(A) That part of section 1004 which precedes subsection (a) is amended by striking out '1942' and inserting '1947' and by striking out '1943' and inserting '1948.'

"(B) Section 1004 (a) (1), relating to the specific exemption of gifts, is amended by striking out '$30,000' and inserting in lieu thereof '$20,000' and by striking out '1943' and inserting in lieu thereof '1948.'"

Mr. MORSE. Mr. President, the proposed changes in the estate tax include a reduction in the exemption from $60,000 to $40,000, and a revision in the rate schedule. The total yield from this tax would remain substantially unchanged. The decrease in revenue from the rate reductions is approximately offset by the increase resulting from the lower exemptions.

The top rate is lowered from 77 percent to 67 percent, and the starting rate is reduced from 3 percent to 2 percent, as indicated in table I, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—*Comparison of estate-tax rate under present law and under proposal* [1]

Net estate after specific exemption (in thousands) [2]	Bracket rate		Total estate tax cumulative	
	Present law [3]	Proposal	Present law [3]	Proposal
	Percent	*Percent*		
Not over $5	3	2	$150	$100
$5 to $10	7	5	500	350
$10 to $20	11	9	1,600	1,250
$20 to $30	14	13	3,000	2,550
$30 to $40	18	17	4,800	4,250
$40 to $50	22	21	7,000	6,350
$50 to $60	25	24	9,500	8,750
$60 to $100	28	26	20,700	19,150
$100 to $200	30	28	50,700	47,150
$200 to $300	30-32	30	81,700	77,150
$300 to $500	32	32	145,700	141,150
$500 to $750	35	34	233,200	226,150
$750 to $1,000	37	36	325,700	316,150
$1,000 to $1,250	39	38	423,200	411,150
$1,250 to $1,500	42	41	528,200	513,650
$1,500 to $2,000	45	44	753,200	733,650
$2,000 to $2,500	49	47	998,200	968,650
$2,500 to $3,000	53	50	1,263,200	1,218,650
$3,000 to $4,000	56-59	53	1,838,200	1,748,650
$4,000 to $5,000	63	56	2,468,200	2,308,650
$5,000 to $6,000	67	59	3,138,200	2,898,650
$6,000 to $7,000	70	61	3,838,200	3,508,650
$7,000 to $8,000	73	63	4,568,200	4,138,650
$8,000 to $10,000	76	65	6,088,200	5,438,650
Over $10,000	77	67		

[1] Before deduction of credit for State death taxes.
[2] The specific exemption under present law is $60,000 and under the proposal $40,000.
[3] Revenue Act of 1941 as amended by the Revenue Act of 1942.

Mr. MORSE. Mr. President, on a net estate of $20,000,000 before exemption the present tax is $13,700,000 and under the proposal would be reduced by $1,600,000. The tax reduction on a net estate of $10,000,000 would be about $600,000 and smaller decreases would be made on estate down to $800,000, as indicated in table II, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2.—*Amount of estate taxes and effective rates under present law and under proposal* [1]

Net estate before specific exemption [2] (in thousands)	Amount of tax			Effective rate		
	Present law [3]	Proposal	Increase or decrease (—) under proposal	Present law [3]	Proposal	Increase or decrease (—) under proposal
				Percent	*Percent*	*Percent*
$50	0	$350	$350	----------	0.7	0.7
$60	0	1,250	1,250	----------	2.1	2.1
$80	$1,600	4,250	2,650	2.0	5.3	3.3
$100	4,800	8,750	3,950	4.8	8.8	4.0
$150	17,900	21,950	4,050	11.9	14.6	2.7
$200	32,700	35,950	3,250	16.4	18.0	1.6
$250	47,700	50,150	2,450	19.1	20.1	1.0
$400	94,500	96,350	1,850	23.6	24.1	.5
$500	126,500	128,350	1,850	25.3	25.7	.4
$600	159,700	161,550	1,850	26.6	26.9	.3
$800	229,700	229,750	50	28.7	28.7	[4]
$1,000	303,500	301,750	−1,750	30.4	30.2	−.2
$2,000	726,200	716,050	−10,150	36.3	35.8	−.5
$4,000	1,802,800	1,727,450	−75,350	45.1	43.2	−1.9
$5,000	2,430,400	2,286,250	−144,150	48.6	45.7	−2.9
$6,000	3,098,000	2,875,050	−222,950	51.6	47.9	−3.7
$10,000	6,042,000	5,412,050	−629,950	60.4	54.1	−6.3
$20,000	13,742,000	12,111,850	−1,630,150	68.7	60.6	−8.2
$40,000	29,142,000	25,511,850	−3,630,150	72.9	63.8	−9.1
$100,000	75,342,000	65,711,850	−9,630,150	75.3	65.7	−9.6

[1] Before deduction of credit for State death taxes.
[2] The specific exemption under the present law is $60,000, and under the proposal $40,000.
[3] Revenue Act of 1941, as amended by Revenue Act of 1942.
[4] Less than 0.05 percent.

Mr. MORSE. Mr. President, the tax on the smaller estates is increased. On a net estate of $50,000 before exemption, which bears no tax under present law, the tax under my proposal would be $350. On a net estate of $100,000 before exemption the tax would be increased from $4,800 to $8,750.

Under my proposal, the gift-tax exemption would be reduced from $30,000 to $20,000, and the annual exclusion from $3,000 to $2,000 for each donee. The rates would be three-fourths of the proposed estate-tax rates.

Now, Mr. President, I wish to discuss my seventh admendment.

The seventh amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950) to reduce individual income-tax payments, is as follows:

At the proper place in the bill insert the following:

"SEC. —. Taxability of interest on future Federal, State, and local obligations, and so forth.

"(a) Limitation on tax-free interest: Section 22 (b) (4) of the Internal Revenue Code (relating to tax-free interest) is hereby amended by inserting after the word 'obligations' in clause (A) of the first sentence thereof the following: 'issued before January 1, 1948'.

"(b) Consent to State and local taxation: The United States hereby consents to the taxation, under an income tax of interest upon obligations, issued on or after January 1, 1948, of the United States, any Territory, possession, or political subdivision thereof, or the District of Columbia, by any duly constituted taxing authority having jurisdiction to tax such interest if such taxation does not discriminate against such interest because of its source. The provisions of this subsection shall, with respect to any such obligations, be considered as amendatory of and supplementary to the respective act or acts authorizing the issue of such obligations, as amended and supplemented.

"(c) Amendment to the Public Debt Act of 1941: Section 4 (a) of the Public Debt Act of 1941, as amended, is hereby amended by inserting in the first sentence thereof, after the words 'agency or instrumentality thereof' the following: "or on or after January 1, 1948, by any Territory, possession, or political subdivision thereof, or the District of Columbia'."

Mr. MORSE. Mr. President, the proposed amendment would terminate, effective January 1, 1948, the issuance of State and local governmental securities exempt from Federal income taxes and Federal securities exempt from State and local income taxes. It would leave the tax-exempt status of securities issued prior to that date and outstanding on that date unaffected. To clear the way for extending the benefits of this legislation to State and local governments the language of this amendment would give the Federal Government's consent to nondiscriminatory State and local income taxation of securities issued after the end of this year by the United States, its Territories, and the District of Columbia.

This reform in our tax structure is long overdue, in my opinion, and has been urged repeatedly by men and women in all walks of life, in all sections of the country, and without regard to political affiliation. The arguments in support of this overdue tax reform are numerous, but I will mention at this time only three.

First. Tax-exempt securities prevent the equitable distribution of the tax burden because they make it possible for some people, especially those with large and very large incomes, to escape all or part of their income-tax liability. As a result, Federal and State governments are prevented from giving full application to the principle of ability to pay in their taxes. To make matters worse, the tax benefit derived from tax exemption is not uniformly distributed among those who avail themselves of it. Its value increases as the individual's income increases.

It is a rich man's escape. It is an escape for the very, very rich man. It is a hole in our tax structure which should be plugged, and plugged quickly by Congress at this session, by the adoption of my amendment.

The resulting loss in income tax revenue both to the Federal Government and the States has to be made up from other sources, including some taxes which fall with particular weight on people in very small incomes.

This is another example showing that the incidence of tax rates really places an undue burden upon the poor man. I say that if we are really going to put into effect the principle of ability to pay, then this type of amendment, long overdue, should be enacted without further delay.

Second. Another important argument in favor of this legislation concerns the effect of tax exemption on the general functioning of our economy. So long as individuals with large incomes are able to invest their capital in tax-exempt securities, they are discouraged from making investments in enterprise involving risks.

I take the position that if people of the United States enjoy the right and the advantage of making great profits out of our private-property economy, they owe something to that economy. They certainly should not be encouraged by this type of loophole to sink their money in tax-exempt securities, which in a certain sense becomes frozen money, and, in a certain sense—and to a degree only I admit, but to that degree—nonproductive money. I think we are going to obtain, in the years to come, as I said earlier this afternoon, greater and greater support for an ever-expanding economy. I think it is not unreasonable in building up our tax structure to say to the people of wealth of America, "We expect you to make your money work. We expect you to make your money productive. We think it is your obligation to your country to see to it that your financial resources are used to the end of bringing the products of labor to an ever-increasing number of people, and to an ever larger degree." That is why, on principle, I am wholly and completely opposed to the loopholes in our tax system that permit the wealthy to escape their due tax burden by investing their money in tax-exempt securities. I say, Mr. President, that in the interest of the system itself—and I refer to the private-property system, which the politicians so glibly talk about as the free enterprise system—the men of wealth of America have an obligation to keep that system working for the benefit of all our people, by making their money work in productive enterprises. They should not be allowed to take a run-out on their obligations to promote an ever-expanding economy, by sinking their dollars in tax-exempt securities.

I say, Mr. President, that industry finds it difficult to compete with tax-exempt securities in attracting the income of individuals in the higher income-tax brackets. Why should it not have difficulty? Of the wealthier humans as well as of the poor, it is to be expected that, if given an out, by way of relieving themselves of their tax obligations owed the country, by putting their money in tax-exempt securities, they will put it there and not in productive business, the constant expansion of which is necessary to preserve the American system of private enterprise. This has important effects on the reconversion of industry from war to peace and interferes with the flow of capital to the new enterprises which are ready to get under way in the wake of the technological progress made during the war. Finally, this amendment would increase Federal and State income tax revenue gradually over the years as the volume of tax-exempt securities already outstanding diminished and would reach a peak when all presently outstanding tax-free securities matured and were redeemed. The increased income tax revenue would afford an opportunity for eliminating some of the more inequitable taxes in our tax system.

The last amendment, Mr. President, on which I want to make a brief comment, in closing, is amendment No. 8.

The eighth amendment intended to be proposed by Mr. MORSE to the bill (H. R. 3950), to reduce individual income-tax payments, is as follows:

At the proper place in the bill insert the following:

"SEC. —. Integration of Federal, State, and local tax programs.

"The President shall present to the Congress in his economic report transmitted at the opening of the second session of the Eightieth Congress, such recommendations for legislative action and for action by State and local governments as he may deem necsary or desirable for the purpose of obtaining improved integration of Federal, State, and local tax programs. Such recommendation shall be made after the Secretary of the Treasury has, to such extent as he determines to be practicable, consulted with State and local officials concerned with tax matters."

Mr. MORSE. Mr. President, this amendment would call upon the President to lay before the Congress the suggestions of the State and local governments and of the executive branch of the Federal Government for the solution of one of the major American tax problems, namely, the conflict between Federal, State, and local taxation. The lack of coordination and integration between the taxing activities of the Federal Government and of the States and local governments, which first became apparent after the First World War and became progressively worse during the interwar period, reached a climax during World War II. Today, the Federal and the State governments derive about 90 percent of their tax revenues from the same tax sources; they tap these tax sources without much regard for one another's activities or policies. Both governments use income, estate, liquor, tobacco, and gasoline taxes, to mention only the most important areas of duplication. The result is wasteful expenditure for duplicate tax administration, expense and annoyance to taxpayers, and a haphazard distribution of the tax burden. Tax jurisdictional conflicts between the States and friction over the taxation of each other's activities by the Federal Government and the States are additional consequences.

The over-all problem of intergovernmental tax coordination has already been studied in great detail both by the Federal Government and State-local governments, and there is not too much mystery about its solution. This amendment would call upon the President to

assemble and pass on to the Congress the best thought on this problem in order that the Congress might have it at its disposal in proceeding to develop an integrated Federal-State-local tax coordination program.

Mr. President, I appreciate the fact that I have spoken at considerable length, but I have spoken out of a sincere desire to make a record, in behalf of progressive Republicans, for the type of tax program which we think our party and Congress should adopt in this session, in preference to the tax bill now pending before the Senate. I do not imagine I shall succeed in having all the amendments adopted, Mr. President; I am not sure I shall succeed in having any one of them adopted. I am satisfied, however, that if the Republican leadership in the Senate of the United States at the present time would only take my eight amendments to the business leaders of America, they would be surprised to discover how many business leaders would endorse the eight amendments, or portions of them, or most of them.

I have not been talking this afternoon just for the record. True, I have been talking for future reference; but I have also been talking out of a sincere conviction that my party owes it to the country at this time to pass tax legislation of the type I have discussed, rather than the tax bill which it is proposed. The pending bill in my judgment is a tax bill which gives undue preference to the wealthy and too little consideration to the poor. I cannot support it. As a progressive Republican, I recommend to my party the tax program I have discussed. I shall plead for it again and again on the platforms of America, in 1948, 1952, and 1956, if it takes that long to get my party to adopt the type of tax program which has been too long overdue in America.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 3647) to extend certain powers of the President under title III of the Second War Powers Act and the Export Control Act, and for other purposes, and it was signed by the President pro tempore.

REDUCTION OF INDIVIDUAL INCOME TAXES

The Senate resumed the consideration of the bill (H. R. 3950) to reduce individual income-tax payments.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Oregon [Mr. MORSE].

Mr. MILLIKIN. Mr. President, I understood the Senator from Florida [Mr. HOLLAND] wanted to speak tonight. Is the Senator prepared to proceed at this time?

Mr. HOLLAND. I am prepared. My understanding from the Senator from Colorado and the Senator from Nebraska was that they preferred to have certain votes tonight, so I sent the speech away.

Mr. MILLIKIN. Mr. President, the understanding was that the Senator from Oregon [Mr. MORSE] was to start offering his amendments after he finished speaking. He is not ready to do that. I had understood the Senator from Florida would want to talk for about 45 minutes. It occurred to me that this was a very good time for the Senator to speak.

Mr. MORSE and Mr. HOLLAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Colorado yield; and if so, to whom?

Mr. MILLIKIN. I yield first to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to comment on the statement made by the Senator from Colorado. I did not know that there was any understanding that I should proceed with my amendments tonight, but if it is the pleasure of those who have the bill in charge that I should do so, I have no objection. I was under the impression that what was desired was that I should make my major speech this afternoon on my whole approach to the tax program, and offer my first amendment, but that we would vote first, I thought—I may have misunderstood or misinterpreted remarks made to me, not by the Senator from Colorado, but in general conversation on the floor—on the community-property amendment offered by the Senator from Arkansas.

I have no objection, Mr. President, to advancing my amendments tonight, but I want to say that I should like to have them go over, unless an effort is to be made to have a vote on the bill tonight. I have no objection if it is desired that the Senate stay in session to vote on the bill tonight, because it is my desire to have a vote on it as quickly as possible. But if it is proposed to meet tomorrow, Mr. President, I should like to have my amendments go over so that the Members of the Senate may have an opportunity to read the CONGRESSIONAL RECORD and determine for themselves what merit they may believe is to be found in my amendments.

Mr. MILLIKIN. Let me ask the distinguished Senator from Oregon, if the Senate were to recess until tomorrow, would he then bring up his amendments, so we could proceed and act upon them?

Mr. MORSE. I shall be glad to accede to whatever order the leadership desires. If the leadership wish me to proceed with my amendment first, and then take up the amendment offered by the Senator from Arkansas, and after that the amendment to be proposed by the Senator from West Virginia, that is all right with me.

Mr. LANGER and Mr. TAYLOR addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Colorado yield; and if so, to whom?

Mr. MILLIKIN. I am informed the Senator from Idaho was on his feet first. I yield to him.

Mr. TAYLOR. Mr. President, I wish to speak for about 15 minutes.

Mr. LANGER. Mr. President, will the Senator yield to me?

Mr. MILLIKIN. I yield.

Mr. LANGER. I wish the RECORD to show that I support each and every amendment proposed by the distinguished Senator from Oregon; that I agree totally with the argument he has presented upon the floor this afternoon; and that I expect to be associated with him, if necessary, upon the platforms in 1948, 1952, 1956, and, if necessary, in 1960.

Mr. TAYLOR obtained the floor.

Mr. MORSE. Mr. President, will the Senator from Idaho yield to me for one comment?

Mr. TAYLOR. I yield.

Mr. MORSE. I want to say that I deeply appreciate the remarks made by the Senator from North Dakota. He is one of the progressive Republicans I was talking about this afternoon. I shall be very happy to join with him in a campaign for the adoption of the type of tax program I have discussed.

Mr. MILLIKIN. Mr. President, will the Senator from Idaho yield to me?

Mr. TAYLOR. I yield.

Mr. MILLIKIN. I desire to address an inquiry to the distinguished majority leader. It is my understanding that after the Senator from Idaho completes his speech, or at about 6 o'clock, the Senate will recess until 11 o'clock tomorrow morning, and that the Senate will remain in continuous session tomorrow and tomorrow night, if necessary, to try to complete action on the tax bill.

Mr. WHITE. Mr. President, will the Senator from Idaho yield to me?

Mr. TAYLOR. I yield.

Mr. WHITE. That does not agree exactly with my understanding. I had thought that the Senate would continue consideration of the bill until half past five or somewhere in that neighborhood. It was then understood that there would be an executive session, and that an opportunity would be given the Senator from North Dakota [Mr. LANGER] to discuss the nomination of James Bruce, of Maryland, to be Ambassador to Argentina. It was my hope, and I believe it was the hope of the Senator from Kentucky [Mr. BARKLEY], that we could dispose of the Bruce nomination today, and possibly proceed to other nominations on the executive calendar. If that arrangement could be agreed to, I would be perfectly willing to recess then until 11 o'clock tomorrow, if that is the desire of the Senator from Colorado, who is in charge of the pending legislation.

Mr. MILLIKIN. Mr. President, it certainly is not the desire of the junior Senator from Colorado to have anything interfere with consideration of the tax bill tomorrow; but that discussion shall begin at 11 o'clock and that it be continued thereafter until final action upon the bill is taken, if that is at all possible.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. BARKLEY. My understanding accords with that of the Senator from Maine. We have been trying to have an executive session for a week to consider the nomination of Mr. Bruce to be Ambassador to Argentina. There is a vacancy in that post, and it is important that the nomination be acted upon soon. The Senator from North Dakota desires to make some remarks regarding the nomination, and we have tried to accommodate ourselves to him. I

understand he is now ready to proceed. I hope that even now, if the Senator from Idaho will postpone his remarks until tomorrow, we may proceed with consideration of that nomination.

Mr. TAYLOR. Mr. President, I should like to have about 2 minutes, and then I can put off my speech until tomorrow. I wanted to say something which I was desirous that the Senator from Oregon should hear. I want to be sure that he is present when I make the statement, and he is here now.

Mr. President, I want to say that the address delivered by the distinguished and able Senator from Oregon today has been an inspiration to me, and it should be to all liberal-minded people in our country. I agree with practically everything he said. I will go on record with the Senator from North Dakota [Mr. LANGER] in saying that I shall support the amendments of the Senator from Oregon right down the line. I think they are very fine.

There is only one thing for which I wanted to take the Senator from Oregon to task. The Senator from Oregon has built himself up a wonderful reputation as a great liberal, and it is a deserved reputation, Mr. President, but I feel that at times he abuses it, because whenever the Senator from Oregon speaks or whenever he appears before gatherings of common people they take his word as gospel.

During the last campaign the Senator from Oregon went forth and campaigned for individuals to be elected to the United States Senate who have practically never voted with him. I am afraid he sort of sold the folks who believe in him down the river. I do not think he did so intentionally. He campaigned with a prayer in his heart that they would be more or less liberal—he probably thought less and hoped more—but it did not turn out that way.

Today, Mr. President, the Senator from Oregon has repeatedly used the expression, "We liberal Republicans." At one time I asked him to yield. I was going to ask him to take about 10 seconds out and name the liberal Republicans, so we would know whom he was talking about, and so the people, when they read his speech, would know to whom he referred. Ten seconds would have been overly long, because one can name one a second, and at that rate he could probably have used about 4 seconds. But I think the Senator from Oregon has a sort of a "Harvey" complex. Perhaps Senators have heard of the play on Broadway in which the principal actor has a friend, a large, invisible rabbit. It is not an ordinary rabbit; it is a very large rabbit, but it is invisible. I think the liberal Republicans to whom the Senator refers are his "Harvey." He likes to talk about them, and I suppose in his estimation they are big, but when we get down to bare facts "Harvey" just is not there, Mr. President. [Laughter.] He is a figment of the imagination. So I wanted to make these few remarks in order to keep the record straight when the people read the speech and all the talk about the "liberal Republicans." I admit that the program is fine. I am for it; but I will warrant that it will receive four or five or six times as much support on the Democratic side of the aisle as it will from all the liberal Republicans to whom the Senator from Oregon has referred.

Mr. President, that is all I wish to say at this time. I can say the rest of what I have to say tomorrow.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield.

Mr. MORSE. Let me say to the Senator from Idaho that I know when I have taken a masterful shellacking. I want to assure him that my conceptions of political ethics are such that in 1948 I will be in there fighting for the Republican Party.

Mr. TAYLOR. Mr. President, I am disappointed to hear that. If the Senator had said that he would be in there fighting for liberal Republicans, I would have cheered him, and he would have had a much easier job, because he would not have to do so much fighting in so many different places. But when he says that he will be in there fighting for Republicans, regardless of who they may be, then I am afraid I shall have to follow the Senator from Oregon around everywhere he goes and make a speech following his, telling the people what he did in 1946, and that he is trying to do the same thing to them again. [Laughter.]

EXECUTIVE SESSION

Mr. WHITE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WILEY, from the Committee on the Judiciary:

Max M. Bulkeley, of Colorado, to be United States attorney for the district of Colorado, vice Thomas J. Morrissey, resigned.

By Mr. MILLIKIN, from the Committee on Finance:

Nora M. Harris, of Connecticut, as collector of customs for customs collection district No. 6, with headquarters at Bridgeport, Conn., to fill an existing vacancy.

William J. Storen to be collector of customs for customs collection district No. 16, with headquarters at Charleston, S. C. (reappointment); and

Abe D. Waldauer to be collector of customs for customs collection district No. 43, with headquarters at Memphis, Tenn. (reappointment).

PROTOCOL RELATING TO AN AMENDMENT TO CONVENTION ON INTERNATIONAL CIVIL AVIATION—REMOVAL OF INJUNCTION OF SECRECY

The PRESIDENT pro tempore. The Chair lays before the Senate a message from the President of the United States, transmitting Executive GG, Eightieth Congress, first session, a certified copy of a protocol dated at Montreal, May 27, 1947, relating to an amendment to the Convention on International Civil Aviation. Without objection, the injunction of secrecy will be removed from the protocol, and, without objection, the message together with the protocol will be printed in the RECORD and referred to the Committee on Foreign Relations. The Chair hears no objection.

The message and protocol are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of a protocol, dated at Montreal May 27, 1947, relating to an amendment to the Convention on International Civil Aviation.

The protocol, embodying a proposed amendment to the convention, establishes the bases upon which members of the International Civil Aviation Organization shall be debarred from, and may be readmitted to, membership therein.

The Convention on International Civil Aviation, formulated at the International Civil Aviation Conference in Chicago on December 7, 1944, was ratified by me on August 6, 1946, pursuant to the Senate resolution of July 25, 1946, and came into force on April 4, 1947. It is now in force with respect to 43 countries, including the United States of America.

I also transmit herewith, for the information of the Senate, the report of the Secretary of State regarding the protocol.

HARRY S. TRUMAN.

THE WHITE HOUSE, *July 11, 1947.*

(Enclosures: (1) Report of the Secretary of State; (2) certified copy of protocol, dated at Montreal May 27, 1947, relating to the Convention on International Civil Aviation.)

DEPARTMENT OF STATE,
Washington, July 10, 1947.

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a certified copy of a protocol, dated at Montreal May 27, 1947, relating to the Convention on International Civil Aviation.

The Convention on International Civil Aviation was formulated at the International Civil Aviation Conference in Chicago on December 7, 1944, and was submitted to the Senate for its approval on March 12, 1945 (Senate Executive A, 79th Cong., 1st sess.). Advice and consent to the ratification of the convention was given by the Senate on July 25, 1946, and the convention was ratified by you on August 6, 1946. It came into force on April 4, 1947, and at the present date is in force with respect to 43 countries, including the United States of America.

Under the terms of the convention there came into being the permanent International Civil Aviation Organization (ICAO), the first Assembly of which met in Montreal from May 6 to June 27, 1947. At that first meeting of the Assembly, one of the most important items on the agenda was the bringing of ICAO into formal relationship with the United Nations as a specialized agency of the latter Organization.

The following factors were involved in the question of establishing a relationship with the United Nations:

1. A draft agreement of relationship between ICAO and the United Nations was approved by the United Nations General Assembly on December 14, 1946, subject, however, to compliance by ICAO with any decision of the General Assembly regarding the Franco government of Spain.

2. The General Assembly on December 12, 1946, had adopted a resolution recommending "that the Franco government of Spain be debarred from membership in international agencies established by or brought into relationship with the United Nations, and from participation in conferences or other activities which may be arranged by the United Nations or by those agencies, until a new and acceptable government is formed in Spain."

3. As a signatory of the Convention on International Civil Aviation, Spain had ratified the convention and deposited its instrument of ratification thereof on March 5, 1947, thereby becoming a party to the convention, upon its entry into force, and a member of ICAO.

The establishment of the relationship of ICAO with the United Nations involved a question, therefore, whether Spain should be expelled from ICAO in order to comply with the proviso in the draft agreement of relationship, or should be permitted to remain a member of ICAO and the idea relinquished of relating ICAO to the United Nations.

Since the Convention on International Civil Aviation did not provide for expulsion of any of its members from ICAO, it was decided at the first assembly of ICAO that amendment of the Convention was necessary so as to make possible the debarment of Spain. A proposed amendment setting up the bases for debarment and readmission of member states, together with the question of the approval of the draft agreement with the United Nations and the acceptance of the condition of the General Assembly resolution of December 12, 1946, was considered initially at the first assembly of ICAO by a Commission of the Assembly, and subsequently at a plenary meeting of the Assembly.

In the debates, the delegates of Argentina, Ireland, Portugal, Switzerland, and the Union of South Africa joined Spain in opposition to a proposed amendment to the Convention which would enable compliance with the condition in the draft agreement of relationship with the United Nations. Their opposition was based on the view that ICAO is a technical organization which should not be subject to political considerations and which would lose its effectiveness if politics were permitted to interfere.

The delegates of the United States, the United Kingdom, France, China, Czechoslovakia, Canada, and a number of other governments contended that support of a recommendation of the United Nations General Assembly and affiliation of ICAO with the United Nations were far more important than the technical advantage of retaining Spain as a member of ICAO and not having a relationship agreement between ICAO and the United Nations.

On May 13, 1947, at the third plenary meeting of the first Assembly of ICAO, there was adopted a resolution approving the agreement of relationship between ICAO and the United Nations and acceptance of the condition imposed by the General Assembly of December 12, 1946, with respect to Franco Spain. The resolution was carried by a vote of 32 to 0, with two absences (Spain and the Dominican Republic).

A second resolution approving the proposed amendment to the convention was adopted by a vote of 27 to 3, with two abstentions and two absences. The vote was as follows:

For the resolution: The United States, Australia, Belgium, Bolivia, Brazil, Canada, Chile, China, Czechoslovakia, Denmark, Egypt, France, Greece, Guatemala, Iceland, India, Liberia, Mexico, the Netherlands, New Zealand, Norway, Peru, the Philippines, Sweden, Turkey, the United Kingdom, and Venezuela.

Against: Ireland, Portugal, and Switzerland.

Abstained: Argentina, Union of South Africa.

Absent: Dominican Republic, Spain.

After having specified that the protocol would come into force on the date on which the twenty-eighth instrument of ratification is deposited, the ICAO Assembly, on May 16, 1947, instructed the Secretary General to draw up for ratification a protocol of amendment to be signed by the President and Secretary General of the Assembly. Their signatures were affixed to the original of the protocol at Montreal on May 27, 1947. It is this protocol of which a certified copy is inclosed herewith.

Respectfully submitted.

G. C. MARSHALL.

THE PRESIDENT,
The White House.

PROTOCOL RELATING TO AN AMENDMENT TO THE CONVENTION ON INTERNATIONAL CIVIL AVIATION

The Assembly of the International Civil Aviation Organization,

Having been convened at Montreal by the Interim Council of the Provisional International Civil Aviation Organization, and having met in its First Session on May 6th 1947, and

Having considered it advisable to amend the Convention on International Civil Aviation done at Chicago on December 7th 1944,

Approved on the thirteenth day of May of the year one thousand nine hundred and forty-seven, in accordance with the provisions of Article 94 (a) of the Convention on International Civil Aviation done at Chicago on December 7th 1944, the following proposed amendment to the said Convention which shall be numbered as "Article 93 bis":

"ARTICLE 93 BIS

"(A) Notwithstanding the provisions of Articles 91, 92, and 93, above,

"(1) A State whose government the General Assembly of the United Nations has recommended be debarred from membership in international agencies established by or brought into relationship with the United Nations shall automatically cease to be a member of the International Civil Aviation Organization;

"(2) A State which has been expelled from membership in the United Nations shall automatically cease to be a member of the International Civil Aviation Organization unless the General Assembly of the United Nations attaches to its act of expulsion a recommendation to the contrary.

"(B) A State which ceases to be a member of the International Civil Aviation Organization as a result of the provisions of paragraph (A) above may, after approval by the General Assembly of the United Nations, be readmitted to the International Civil Aviation Organization upon application and upon approval by a majority of the Council.

"(C) Members of the Organization which are suspended from the exercise of the rights and privileges of membership of the United Nations shall, upon the request of the latter, be suspended from the rights and privileges of membership in this Organization",

Specified on the sixteenth day of May of the year one thousand nine hundred and forty-seven, pursuant to the provisions of the said Article 94 (a) of the said Convention, that the above mentioned amendment shall come into force when ratified by twenty-eight Contracting States, and

Instructed at the same date the Secretary General of the International Civil Aviation Organization to draw up a Protocol embodying this proposed amendment and to the following effect, which Protocol shall be signed by the President and the Secretary General of the First Assembly.

Consequently, pursuant to the aforesaid action of the Assembly,

The present Protocol shall be subject to ratification by any State which has ratified or adhered to the said Convention. The instruments of ratification shall be transmitted to the Secretary General of the International Civil Aviation Organization for deposit in the archives of the Organization; the Secretary General of the Organization shall immediately notify all Contracting States of the date of deposit of each ratification;

The aforesaid proposed amendment of the Convention shall come into force, in respect of the States which have ratified this Protocol, on the date on which the twenty-eighth instrument of ratification is deposited. The Secretary General of the Organization shall immediately notify all the States parties to or signatories of the said Convention of the date on which the proposed amendment comes into force;

The aforesaid proposed amendment shall come into force in respect of each State ratifying after that date upon deposit of its instrument of ratification in the archives of the Organization.

In faith whereof the President and the Secretary General of the First Assembly of the International Civil Aviation Organization, being authorized thereto by the Assembly, sign this present Protocol.

Done at Montreal on the twenty-seventh day of May of the year one thousand nine hundred and forty-seven in a single document in the English, French, and Spanish languages, each being equally authentic. This Protocol shall remain deposited in the archives of the International Civil Aviation Organization; and certified copies thereof shall be transmitted by the Secretary General of the Organization to all States parties to or signatories of the Convention on International Civil Aviation done at Chicago on December 7th, 1944.

(S.) ARTHUR S. DRAKEFORD,
President of the First Assembly.
(S.) ALBERT ROPER,
Secretary General of the First Assembly.

I hereby certify that the present document is a full, true and correct copy of the Protocol deposited in the Archives of the International Civil Aviation Organization.

ALBERT ROPER.

The PRESIDENT pro tempore. Without objection, the various resolutions lying on the table which refer to instructions to discharge various committees, and other subjects, will be passed over for today.

If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

UNITED STATES ATTORNEYS

The legislative clerk read the nomination of Frank B. Potter to be United States attorney for the northern district of Texas, which has been previously passed over.

Mr. WHITE. Mr. President, I understand that the two nominations under this heading were previously passed over.

Mr. BARKLEY. Mr. President, they were passed over yesterday, or 2 or 3 days ago, but I do not understand that the Senator from Texas desires to have them passed over further.

Mr. WHITE. I did not understand that the Senator from Texas wished to have them passed over further.

The PRESIDENT pro tempore. The question is, Will the Senate advise and consent to the nomination of Frank B. Potter to be United States attorney for the northern district of Texas?

The nomination was confirmed.

The legislative clerk read the nomination of Henry W. Moursund to be United States attorney for the western district of Texas.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of James Bruce to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina.

Mr. BREWSTER. Mr. President, I ask whether we can take up out of order the remaining nominations on the calendar, after that of Mr. Bruce. I think there will be no difficulty about them.

The PRESIDENT pro tempore. The Senator from Maine asks that the one controversial nomination be passed over, and that the remaining nominations on the calendar be considered. Is there objection? The Chair hears none, and it is so ordered.

The legislative clerk proceeded to read sundry other nominations in the Diplomatic and Foreign Service.

The PRESIDENT pro tempore. Without objection, the nominations in the Diplomatic and Foreign Service, aside from that of James Bruce, are confirmed en bloc and, without objection, the President will be immediately notified.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters are confirmed en bloc; and, without objection, the President will be immediately notified.

THE ARMY

The legislative clerk read the nomination of Maj. Gen. Kenneth Frank Cramer to be Chief of the National Guard Bureau, with the rank of major general, for a period of 4 years from date of acceptance.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed; and, without objection, the President will be notified forthwith.

THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

The PRESIDENT pro tempore. Without objection, the nominations in the Navy are confirmed en bloc; and, without objection, the President will be notified forthwith.

THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

The PRESIDENT pro tempore. Without objection, the nominations in the Marine Corps are confirmed en bloc; and, without objection, the President will be notified forthwith.

RECONSTRUCTION FINANCE CORPORATION

The legislative clerk read the nomination of Harley Hise to be a member of the Board of Directors of the Reconstruction Finance Corporation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed; and, without objection, the President will be notified forthwith.

FEDERAL COMMUNICATIONS COMMISSION

The legislative clerk read the nomination of ROBERT FRANKLIN JONES to be a member of the Federal Communications Commission.

Mr. PEPPER. Mr. President, this nomination has apparently been thoroughly considered by the committee. I know that the committee has appraised the evidence for and against Mr. JONES in a thorough and comprehensive way. I have no disposition whatever to take exception to the decision rendered by the committee.

However, before the nomination is confirmed, I think it is only proper to say that I am sure that the Senate likewise has no criticism of those who, having some evidence against the nominee, presented to the best of their ability, that evidence, together with the sources of it, to the committee for consideration.

I have in mind particularly the action of Mr. Drew Pearson, who I understand was informed by persons whom he had the right to regard as responsible that there might be certain association on the part of Mr. JONES which should be brought to the notice of the public and to the attention of the committee, and should have proper consideration. I understand that Mr. Pearson brought before the committee the evidence which he had on the subject, and submitted it to the committee for its consideration. He submitted his own data and opinions on the subject, and, of course, in the tradition of a good American, left it to the committee for decision.

I believe that the action of Mr. Pearson as a newspaperman was in accord with the highest traditions of the newspaper profession in rooting out anything which he thought contrary to the public interest and bringing it to the attention of the proper tribunal for decision. While I am glad that Mr. JONES has been exculpated by the distinguished committee of any reprehensible conduct or associations, I thought it not an impropriety to say that I think Mr. Pearson has rendered a public service by bringing this matter out into the open and having it fairly and publicly considered, so that the matter could be concluded by a competent committee of the Congress. While we are ready to confirm Mr. JONES' nomination, we are in no sense of the word condemning those who brought to the attention of the committee any matter concerning this nomination which they thought affected the public interest.

Mr. BREWSTER. Mr. President, I shall not delay the Senate at this time. Mr. Pearson is not before the Senate for confirmation. The nomination of Mr. JONES is. I understand that there is unanimous agreement in the committee. The question has been widely discussed in the public press. The record is available so that any who care to do so may read it. After 3 days of hearings, the committee was unanimous in its conclusion. Any discussion of other personalities involved may well await another occasion.

The PRESIDENT pro tempore. The question is, Will the Senate advise and consent to the nomination of ROBERT FRANKLIN JONES to be a member of the Federal Communications Commission?

The nomination was confirmed.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

DIPLOMATIC AND FOREIGN SERVICE—NOMINATION OF JAMES BRUCE

The PRESIDENT pro tempore. The question recurs on the nomination of James Bruce to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina.

Mr. LANGER. Mr. President, I rise to speak in opposition to the confirmation of the nomination of James Bruce, of Maryland, realizing that, in view of the fact that the nomination has been reported unanimously, there is very little chance of the confirmation of the nomination being stopped. However, Mr. President, I deem it my duty to speak in opposition to this confirmation, for numerous reasons which I shall enumerate.

Ever since I have been a Member of the Senate I have received every little while a resolution adopted by farmers or by consumers in various portions of the United States protesting against the concentration of wealth. I have one such resolution in my hand. This is a typical paragraph:

> Whereas the continued concentration of corporate wealth in private monopolies constitutes a serious threat to the economic stability of the Nation, and to the prosperity and living standards of all American consumers, but the potential benefits of large-scale production and distribution should be obtained for consumers; and
>
> Whereas a concerted effort is being made by some entrenched enterprises to cripple the growth and effectiveness of producers' and consumers' cooperatives, which seek to get for consumers the benefits of large-scale production and distribution: Therefore
>
> We ask that something be done about it.

Mr. President, I object to the confirmation of this nomination, as I have said before, for various reasons. Mr. Bruce has been nominated for the position of Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina. Such a nomination is never made of some common, ordinary citizen of the United States. One looks over the record of persons who have been nominated to represent this country as ministers or ambassadors and almost invariably finds that they are millionaires. This case is no exception.

I am not against a millionaire simply because he may be honest and hard-working and has built his way up by hard work until he has accumulated much of this world's goods. Under our free-enterprise system I think that is most commendable. But when we find we have confirmed the nominations of Rockefellers, Armours, Cudahys, and other people who have lived off the consumers all over this country, and especially in the instant case, in which we find that the man has become extraordinarily wealthy by being the head of an organization which has raised the price of milk to little children.

According to the official record prepared by the Federal Trade Commission, he is an officer of the National Dairy Products Corp., about which I shall have

considerable to say in a few moments. We find that this man has for many years been interested in only one thing, and that is absorbing small competitors all over the country, going into towns where there was competition and where little children were able to get milk, ice cream, and butter at a fair rate, and gathering into one vast corporation those competing companies. I submit that before I conclude my remarks it will be shown that that is not the kind of a man we want to send to Argentina to represent the United States.

One of the criticisms which I have had of the foreign policy of the United States is that we do not send a representative to Puerto Rico, for instance, who says to those 2,000,000 people in that Territory, "You are citizens of the United States, and we will build you up so that you will have economic independence." On the contrary, we find a branch of the National City Bank of New York City in Puerto Rico. It is not there to help the country; it is not there to help the people of Puerto Rico to work out their own economic independence; it is there to get every single dollar it can sweat out of the blood of the people of Puerto Rico and to take the money out of that country.

Referring to the nomination of Mr. Bruce, I have in my hand an exhibit prepared by the Federal Trade Commission. It is a list of dairy products companies whose capital stocks or assets have been acquired in whole or in part by the National Dairy Products Corp., printed in chronological order from the date of organization until November 15, 1938.

I call attention to the fact that Mr. Bruce is one of the men in charge of the affairs of that corporation.

On the 8th of December 1923, that corporation bought the stock of the Hydrox Corp., of Chicago, Ill. On the same date it bought the stock of the Hydrox Corp. of Indiana, at Hammond, Ind. On the same date it bought Sheevers Ice Cream Co., Inc., at Long Island City, N. Y.

On the 12th day of January 1924, this corporation, of which, as I said, Mr. Bruce is one of the leading lights, bought the Rieck-McJunkin Dairy Co., of Pittsburgh, Pa. These concerns are all manufacturers of ice cream. The Pittsburgh company dealt in milk, cream, ice cream, and other milk products.

On the same date, the 12th day of January 1924, this millionaire outfit bought the Pittsburgh Ice Cream Co., of Pittsburgh, Pa., a manufacturer of ice cream.

On the same date it bought the Rieck Certified Farm Co., of Rootstown, Ohio. Some of these concerns were bought in violation of the laws of this country. The company was thoroughly familiar with the fact that under the Antitrust Act it could not buy, in certain instances, the stock of a company, so it bought the assets and thereby evaded the antitrust laws of the United States.

On the 14th day of May 1924, they bought the Castles Ice Cream Co., of Perth Amboy, N. J.

On June 1, 1924, they bought the W. E. Hoffman Co., of Altoona, Pa.

On September 1, 1924, they bought the Durkin Ice Cream Co., of Waukegan, Ill.

On the 20th of November, they bought out Moore Bros. Co., of Oil City, Pa. In that case they bought the stock. That company dealt in milk, cream, ice cream, butter, and cheese.

On January 8, 1925, they bought the Chapell Ice Cream Co., Inc., of Chicago. That company dealt in ice cream.

On January 8, 1925, the same day, they bought the Thompson Ice Cream Co., Inc., of Chicago. Those two companies were competitors, and they bought both of them on the same day.

On January 15, 1925, they bought the William Olhaver Co. of Aurora, Ill., dealers in ice cream. In that case they bought the assets, to circumvent the law.

On February 2, 1925, they bought the C. E. Clark Co. of Indiana, Pa., dealers in ice cream. In order to circumvent the antitrust laws, they bought the assets of that company and merged it with the W. E. Hoffman Co., one of their subsidiaries.

On March 3, 1925, they bought the Bridgeman-Russell Co., Inc., of Long Island City, N. Y., and prior thereto they had bought one of its competitors on Long Island that dealt in ice cream.

On April 30, they bought the stock of the Clover Farm Dairy Co., of Memphis, Tenn., dealers in milk, cream, ice cream, and other products.

On the same day, April 30, in order to wipe out competition in Memphis, Tenn., they bought the Lily Ice Cream Co. of Memphis. In that case they also bought the stock.

On the 16th day of May 1925, they bought the Erie County Milk Association, of Erie, Pa., dealers in milk, cream, ice cream, and other milk products.

On May 29th, they bought the Allen Ice Cream Co., of Rockford, Ill., dealers in ice cream.

On June 1, 1925, they bought the American Ice Cream and Baking Co., manufacturers of ice cream; and there again they bought the assets, in order to circumvent the antitrust laws.

On June 13, they bought out Louis Mogolia, of Morristown, N. J. There, again, they bought the assets, and merged that company with one of their other subsidiaries. Those companies dealt exclusively in ice cream.

On August 1, they bought the Humphries-Philadelphia Ice Cream Co., of Brooklyn, N. Y., and there again in order to circumvent the antitrust laws, they purchased only the assets. That company also dealt exclusively in the manufacture of ice cream.

On August 11, 1925, they bought the stock of the Carpenter Ice Cream Co., of St. Louis, Mo., manufacturers of ice cream.

On August 17, 1925, they bought the Lake City Ice Cream Co., of Jamestown, N. Y., manufacturers of ice cream.

On August 31, they bought the Levant Ice Cream Co., of Jamestown, N. Y. I call attention to the fact that a year and a half before that time they had gone to Jamestown, N. Y., and had purchased a competitor of that company. So finally they had a practical monopoly in Jamestown, N. Y., insofar as the manufacture of ice cream was concerned. Again, to circumvent the antitrust laws, they bought only the assets, so that the Federal Trade Commission would not have any jurisdiction, because of the wording of the law and the opinion or decision of the Supreme Court of the United States.

On the 2d day of September 1925, they bought the Jamestown Ice Cream Co., Inc., a third ice cream company in Jamestown, N. Y. It also manufactured ice cream and other milk products. That was the third ice cream and milk-products company they purchased in Jamestown, N. Y., in order to control that industry in Jamestown.

On September 29, they bought the Nashville Pure Milk Co., of Nashville, Tenn., manufacturers of cream, milk, butter, and milk products. At that time they bought the stock.

On September 30, 1925, they bought out Albert Benomo, of Brooklyn, N. Y.; and in that case, again to circumvent the antitrust laws, they bought only the assets of that company, which was engaged in the manufacture of ice cream.

On November 6, they bought out the Supplee-Wills-Jones Milk Co., of Philadelphia, Pa., manufacturers of milk, cream, ice cream, and other milk products; and on the same day they also bought the Newark Milk Co., of Newark, N. J., manufacturers of milk, cheese, and condensed milk.

On December 1, they bought all the stock of the Sheffield Farms Co., of New York City, manufacturers and dealers in milk, cream, butter, cheese, and other milk products; and on the same day they also bought the Sheffield Condensed Milk Co., of New York City. At that time they bought the stock. That company manufactured evaporated and condensed milk. On the same day they also bought out the Sheffield By-Products Co., Inc., of New York. They bought the stock of that company, which manufactured casein, milk sugar, and other milk products.

On December 10, they bought the stock of the Union Ice Cream Co., of Nashville, Tenn., manufacturers of ice cream, and on the same day one of the leading lights or officials of the company bought the Franklin Ice Cream Co., of Kansas City, Mo. At that time, when they bought those two plants, again to circumvent the antitrust laws, they bought only the assets. Those two companies were manufacturers of ice cream, cream, and condensed milk.

On December 18 of the same year, they went farther West, and bought out the Harding Cream Co., of Omaha, Nebr. They bought the stock of that company, which manufactured butter, ice cream, and other milk products.

On the 28th day of December, 10 days later, they bought the Breyer Corp., of Philadelphia, Pa., and, again to circumvent the antitrust laws, they bought the assets. That company was manufacturing ice cream and was dealing in milk, cream, and butter.

On the same day, they also bought the Breyer Ice Cream Co., the fourth concern in the Long Island area that they bought in a short space of time. Again to circumvent the antitrust laws, they bought only the assets. That concern dealt only in ice cream. And on the same day they also bought the Crescent Ice

Cream Co., of Rockford, Ill., and again to circumvent the antitrust laws they bought only the assets of that company, which dealt in the manufacture of ice cream.

Mr. President, I call attention to the fact that on the same day they bought a concern in Philadelphia, Pa., and another one in Long Island, N. Y., and one in Rockford, Ill., and again to circumvent the antitrust laws, they bought only the assets of those companies, which dealt in the manufacture of ice cream; and also on the same day they bought out the Titusville Butter & Egg Co., of Titusville, Pa., and again, in order to circumvent the antitrust laws, they bought only the assets. That concern dealt in butter and eggs.

On January 20, 1926, they bought the Consolidated Buttermilk Corp., of Chicago, Ill., a holding company which had charge of a great many other concerns which dealt in milk, butter, and ice cream. On the same day they bought the Consolidated Products Co. of Chicago, Ill. In that case they bought the stock. That concern dealt in semisolid buttermilk. On the same day they also bought the Canadian United Products Co., Ltd., going all the way to Canada, and becoming an international concern. At that time they also bought the stock; and, strangely enough, that company also was engaged only in the manufacture of semisolid buttermilk.

On March 26, 1926, they bought the Laher Ice Cream Co., of Bedford, Pa. They bought the stock of that company, which manufactured ice cream and dealt in milk products.

On the 13th day of August they bought the Luick Ice Cream Co., of Milwaukee; and again to circumvent the antitrust laws they bought only the assets. That concern was interested only in the manufacture of ice cream.

On December 31, they bought the Oak Brand Ice Cream Co., of Rockford, Ill. I call attention to the fact that that is the third concern in Rockford, Ill., which they bought in order to eliminate competition; and again, in order to circumvent the antitrust laws passed by the Congress, which had been in force for some years at that time, they bought only the assets, and they promptly put that concern out of business, after they purchased it, by merging it with the Allen Ice Cream Co.

On the 25th day of May, they bought the Collis Products Co. at Clinton, Pa., a concern manufacturing dry buttermilk. On the 27th day of June 1927, they bought the Highland Dairies, Inc., at Bryn Mawr, Pa., and again to circumvent the antitrust statutes, bought only the assets, and consolidated them with the assets of one of their subsidiaries, and put out of business this concern which was engaged in dealing only in milk.

On the 5th day of October, they bought the Trapp Bros. Dairy Co. at Milwaukee, Wis., which was engaged in the milk, cream, and other milk-products business.

On the 19th day of December, they bought the Real Ice Cream Co., of Omaha, Nebr., and to circumvent the antitrust law, again, they bought all of the assets, and merged them with the Harding Cream Co., which I previously mentioned.

On the 12th day of January 1928, they bought the Breakstone Bros., Inc., of New York City, and again to circumvent the antitrust statute they bought the assets only. This concern was engaged in the business of manufacturing cheese, butter, cream, and other milk products.

On the same day, the 12th day of January 1928, this tremendous monopoly, headed by this man we are about to send to the Argentine, bought another company. I wish to say to the distinguished junior Senator from Nebraska [Mr. WHERRY], sitting near me, that I am coming to the State of Nebraska, in which he is interested, and show what happened in his State. They have already bought two companies in Omaha.

The Palisade Cheese Co., of New York, was acquired on the 12th day of January, and that concern was engaged in the business of manufacturing cheese and other milk products.

On the 28th day of February, this monopoly bought the St. Louis Dairy Co., of St. Louis, Mo., and, again, to circumvent the antitrust laws they bought only the assets. This concern was engaged, when they bought it, in the manufacture of milk, butter, cream, ice cream, and other milk products.

On the 21st day of March, they bought the South Side Dairy Products Co., of Oil City, Pa. That is the second concern they bought in Oil City, Pa., and again to circumvent the law and get away from the antitrust statutes, they bought only the assets. It is very significant that no Republican Attorney General, and that no Democratic Attorney General, ever has enforced the criminal provisions of the Antitrust Act against anyone. The law provides that where there is a trust of this kind, the men guilty can be put in jail. No Attorney General, until Tom Clark came along, attempted to carry out the law. Attorney General Tom Clark is the first Attorney General in the history of America who ever announced that he was going to put men who violated the antitrust laws in jail if he could possibly do so. It is significant. By the way, the only person who was ever put in jail for violating the antitrust law—and he was incarcerated for violating an injunction—was Eugene Debs, the great leader of some 30 or 35 years ago.

Mr. President, this monopoly, of which Mr. Bruce is one of the heads, on the 23d day of March bought the Jersey Ice Cream Co., of Columbus, Nebr. The Senator from Nebraska no doubt knows where Columbus is located. Again to circumvent the antitrust statutes—and I am addressing myself to the distinguished junior Senator from Nebraska—to circumvent the antitrust statute both of the State and of the Federal Government, they bought only the assets, and they merged them with those of the Harding Cream Co. The Jersey Ice Cream Co., of Columbus, Nebr., was engaged at that time in the manufacture of ice cream.

On the 26th day of April, they bought the Telling-Belle-Vernon Co., of Cleveland, Ohio. That company was engaged in the buying of milk and cream and in the manufacture of ice cream and other milk products.

I call attention to this significant fact to show how men greedy for money will act. On the same day, the 26th day of April, this outfit went to Cleveland, Ohio, and in order to wipe out competition, bought the Telling-Belle-Vernon Co., of Cleveland. They bought the Baker-Tabor Co., of Cleveland, they bought the Peerless Ice Cream Co., of Cleveland, they bought the Bell-Vernon-Mapes Co., of Cleveland, they bought the Telling Brothers Co., of Cleveland, all on the 26th day of April. Six companies they bought on the same day in Cleveland, Ohio. Three of those companies were engaged in the manufacture of ice cream alone. The other three were engaged in handling cream, milk, and other milk products. This multimillionaire concern bought up six companies.

On the 27th day of April 1928, they bought the Roberts Dairy Co., of Brooklyn, N. Y., and again to circumvent the antitrust statute they bought only the assets. That company was engaged in the manufacture of ice cream.

On the 12th day of May, they bought two concerns at the same time in Cincinnati, the Tri-State Butter Co., of Cincinnati, and the Charles H. Hess Co., of Cincinnati. Again to circumvent the antitrust statute they bought only the assets, and they merged those with the assets of the Tri-State Butter Co. Both these companies at that time were engaged in manufacturing and dealing in butter and buttermilk.

On the 4th day of September, they bought Alex Grossman & Co., New York City, and again to circumvent the laws bought only the assets. That concern dealt in butter and buttermilk.

Two days later they bought out the Peoples Sanitary Dairy Co., of Norristown, Pa., and again to circumvent the law they bought only the assets. That company was engaged in dealing in milk and milk products.

On the 1st day of October, they bought two concerns, both in New Jersey, one the Consumers Dairy Co., of Uniontown, N. J., the other the Keystone Dairy Co., of Hoboken, N. J. Again to get away from being sued they bought only the assets of those two companies, and both of them were engaged in the milk, cream, butter, cheese, and other milk products business.

On the 29th day of October 1928, they went to Michigan. For the first time we find this outfit in Michigan. They went to the city of Detroit and there they bought out the Arctic Dairy Products Co. Then they went to the city of Grand Rapids, Mich., and bought out the Rockford Ice Cream Co. The latter company was engaged in the manufacture of ice cream only. The other company was engaged in the business of handling cream, milk, butter, and other milk products.

On the 5th day of November, they bought all the stock of the General Ice Cream Corp., of Schenectady, N. Y. On

the same day they bought 35 other concerns. Talk about monopoly and raising the price of milk and ice cream to little children. On that one day Mr. Bruce and his associates bought the General Ice Cream Corp., Schenectady, N. Y.; the Albany Ice Cream Co., of Albany, N. Y.; the Amsterdam Ice Cream Co., of Amsterdam, N. Y.; the Binghamton Ice Cream Co., of Binghamton, N. Y.; the Cataract Ice Cream Co., of Niagara Falls; the Clayton Ice Cream Co.—it does not say what town that is in, so I assume Clayton. They bought the Coon Ice Cream Co., of Lewiston, N. Y.; they bought the Dolbey Ice Cream Co., of Providence, R. I.; the Eastern Dairies, Inc., of Springfield, Mass.; the Elmira Ice Cream Co., of Elmira, N. Y.; the Franklin Creameries Co., of Springfield, Mass.; the Geneva Ice Cream Co., of Geneva, N. Y.; the Hoefler Ice Cream Co., of Buffalo, N. Y.; the Hawe Ice Cream Co., of Rutland, Vt.; the International Ice Cream Co., of Schenectady—two in that town.

They bought the Kent Ice Cream Co., in Burlington, Vt.; Kirk-Maher Ice Cream Co., of Watertown, N. Y.; the Lake Shore Ice Cream Co., of Erie, Pa.; the Made-Rite Ice Cream Co., of New Bedford, Pa.; the Mansion House Ice Cream Co., of East Cambridge, Mass.; New Haven Dairy Co., of New Haven, Conn.; the Norton Ice Cream Co., of Rutland, Vt. I call attention to the fact that they bought two companies in Rutland. They bought the O. K. Ice Cream Co., in Binghamton, N. Y.; that made two they bought there.

They bought the Oneonta Ice Cream Co., of Oneonta, N. Y.; the Peerless Ice Cream Co., of Niagara Falls—there were two of them in Niagara Falls; the Rochester Ice Cream Co., at Rochester, N. Y.; also, the Lemon Ice Cream Co., of New Haven, Conn.; the Syracuse Ice Cream Co., of Syracuse, N. Y.; also, on the same day, the 5th of November, Tait Bros., Inc., Springfield, Mass.; three of them in Springfield on the same day; the Taylor Creameries, Inc., at Buffalo; two at Buffalo on the same day; the Utica Cream Co., at Utica, N. Y.; Wagars', Inc., at Troy, N. Y.; What Cheer Creamery Co., at Providence, R. I.—that is the second one in Providence; Wheat's Ice Cream Co., of Buffalo—two of them in Buffalo on the same day; the Fro-Joy Ice Cream Co., at Schenectady—three at Schenectady on that one day; General Ice Cream Corp., Ontario, Canada—going over into Canada again, all in the same day, 35 altogether.

In what business were all these concerns engaged? The first, dealing in ice cream and milk; the second, in ice cream; the third, in ice cream; the fourth, in ice cream; the fifth, in ice cream; the sixth, in ice cream; the seventh, in ice cream; the eighth, in ice cream; the ninth, in ice cream; the tenth, in ice cream; the eleventh, in milk, cream, and condensed milk; the twelfth, in ice cream; the thirteenth, in ice cream; the fourteenth, in ice cream; the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth and twentieth, all in ice cream; the twenty-first, dealing in milk and ice cream; the twenty-second, in ice cream; the twenty-third, in ice cream, the twenty-fourth in ice cream; the twenty-fifth in ice cream; the twenty-sixth in ice cream; the twenty-seventh, in ice cream; the twenty-eighth, in milk, cream, and other milk products. They made them all a part of this great monopoly.

Then, 7 days later, they bought the Wilson Ice Cream Co., at Huntington, W. Va., engaged in the business of manufacturing ice cream, and again, to circumvent the antitrust law, they bought only the assets of that corporation. Then they went back to Ohio again. There they bought the Akron Pure Milk Co., of Akron, Ohio, and again, to circumvent the law, they bought only the assets. That concern likewise was engaged in handling milk, cream, and other milk products. On the 23d day they bought the Sanitary Milk Co., of Canton, Ohio, and again to circumvent the law, they bought only the assets. That concern was engaged in the business of handling milk, cream, ice cream, and other milk products. On December 21—that is, 28 days later—they bought Simmons & Hammond Manufacturing Co., away up in Maine, at Portland; and again, to circumvent the law, they bought only the assets. That concern dealt in ice cream and cream. Six days later they bought out W. R. Bell, of Homer City, Pa., and again to circumvent the law, the antitrust statute, they bought only the assets. This concern was engaged in the business of handling milk alone.

Then they went back to Pennsylvania, Mr. President. Seven days later, at Everett, Pa., they bought out O. P. Laufer, and again only bought the assets, to get away from the antitrust statute. That concern was engaged in the manufacture of ice cream. On the 10th day of January 1929 they bought the Ohio Cloverleaf Dairy Co., of Toledo, Ohio, and again to circumvent the law, they bought just the assets. That concern was engaged in the business of handling milk, cream, butter, and buttermilk.

Five days later, they bought the Chestnut Farms Dairy here in Washington, D. C., and again, to get away from the law, they bought only the assets. That concern was engaged in the business of handling milk, cream, and other milk products. On the same day they bought out J. D. Roszell Co., of Peoria, Ill. Again, to get away from the antitrust statute, they bought only the assets. That concern was also engaged in the business of milk, ice cream, and other milk products.

Three days later, they bought out the Wisconsin Creamery Co., Inc., of Milwaukee, Wis. That concern was engaged in the business of dealing in milk, cream, ice cream, butter, and other milk products. On the same day, the 18th day of January, they also bought out the American Ice Cream Co., of Madison, Wis. So we find them buying out the big concern in Milwaukee, and on the same day, a concern in Madison, and on that day they bought out the American Ice Cream Co., that dealt only in ice cream. On the same day, in Wisconsin, they bought out the Bendfelt Ice Cream Co., engaged in the business of manufacturing ice cream. On the same day, in Milwaukee, they bought out the Blommer Ice Cream Co., Milwaukee, Wis., engaged in the manufacture of ice cream. On the same day, they bought out the Cedarburg Dairy Co., of Cedarburg, Wis.

On the same day, Mr. President, they bought out the Waukesha Milk Co., of Waukesha, Wis.—all of them on the same day—six of the big concerns, all located in Wisconsin, all of them engaged in the manufacture of ice cream, and all of them also engaged in the milk business. Then, 6 days later, they went back to the great State of Michigan. There they bought out the Consumers Dairy, in Jackson, Mich., a concern that was engaged in the business of dealing in milk, cream, and other milk products. Two days later there was another great day in the history of this monopoly. On that day, they were still doing business in that wonderful State of Michigan. On that day they bought out the Ebling Creamery Co., of Detroit, Mich., a concern engaged in the business of milk, cream, butter, and other milk products. On the same day, in Detroit, they bought out the City Dairies. On that same day they bought out the Highland Park-Schlaff-Wilson Co., in Detroit. On the same day, they bought out the Highland Park Creamery Co., in Detroit; they bought out the John Schlaff Creamery Co., in Detroit, also the Wilson Creamery Co., in Detroit. So, on one day, this great monopoly in the city of Detroit alone bought out six competitors in one city, the city of Detroit.

Two days after that they moved back into Pennsylvania. There they bought out the Mayflower Ice Cream Co., Altoona, Pa., and to get away from the antitrust statute, Mr. Bruce and his associates bought only the assets. That concern was engaged in the ice-cream business. The next day they went back to Michigan again, and they bought out the Citizens Dairy Co., at Flint, Mich. To get away from the antitrust statute they bought only the assets. That concern also was engaged in the business of handling milk, cream, butter, and buttermilk. The next day they went to Delaware, to the great city of Wilmington. There they bought out the Clover Dairy Co. The business of that concern was handling milk, cream, butter, and other milk products.

The next day they went back to Flint, Mich. Two days before, they bought out the Citizens Dairy Co. at Flint, Mich., and they were back 2 days later. This time they bought out the Bridgeman Dairy Co., of Flint, Mich. In order to get away from the antitrust statute, they only bought the assets. That concern was engaged in the business of dairy products.

Then, Mr. President, on the same day, the 1st day of February, they also went to Massachusetts. There they bought out the Jersey Ice Cream Co., of Lawrence, Mass., and the National Creamery Co. of Boston, Mass. Again, to get away from the antitrust statute, they bought only the assets. The first company was engaged in the manufacture of ice cream; the second, dealing in butter,

cheese, and eggs. They then returned to Ohio. There, 18 days later, they bought the Dies-Fertig Co., of Dover, Ohio. That company was acquired by turning it over to the Telling-Belle-Vernon Co., a subsidiary. Again, to get away from the antitrust statute, they bought only the assets. That company was engaged in the manufacture of cheese.

The next day they went to New York City again. This time they bought out John H. Muller Dairies, Inc., and to get away from the antitrust statute, Jim Bruce and his associates bought only the assets. That concern was engaged in the business of milk, cream, and other milk products. On the same day, they went back and bought the fifth place in Long Island, the fifth competitor, there. At that place they bought Fred H. Muller. Again, to get away from the antitrust laws, so that nobody could prosecute them, nobody could put them in jail, they bought only the assets. That company, at the time they bought it, was engaged in the business of dealing in milk, cream, and other milk products.

Then they go back to Ohio on the 4th day of March and buy up the assets of the Shetler Ice Cream Co., of Bellaire, Ohio. By reason of the fact that they already have a dozen concerns in Ohio, in order to get away from the antitrust laws they buy only the assets. That concern was engaged in the manufacture only of ice cream.

Six days later they go back to New Jersey. There they buy the Sussex Dairy Farms Products, Inc., at Westwood, N. J., and again, in order to get away from the antitrust statutes they buy only the assets. That concern was engaged in the business of milk and milk products.

On the 11th day of April, the next day after they were in New Jersey, they went back to New York, to the city of Batavia, and bought out the assets of the Batavia Ice Cream Co., which was engaged in the business of manufacturing ice cream.

Two days later they put over two huge deals. Mr. William Bruce and his associates bought two concerns in Youngstown, Ohio. The first was the Youngstown Sanitary Milk Corp. Again, in order to circumvent the law they bought only the assets. They also bought the assets only of the Ohio Pure Milk Co., of Youngstown. Both concerns were engaged in dealing in milk, cream, ice cream, and other milk products.

On the same day, in Toledo, Ohio, they bought the assets of W. R. Ruhlman & Son, Inc., of Toledo, Ohio. They bought only the assets, in order to get away from the antitrust law. That concern was engaged in the business of milk, cream, butter, and other products.

Five days later they are still in Ohio. They had already bought three concerns in Toledo, Ohio, but on that day they bought the assets of the Ohio-Toledo Ice Cream Co., of Toledo, Ohio, which was engaged in the business of manufacturing ice cream and also bought the assets of the Findlay Dairy Co., of Toledo, Ohio, engaged in the business of ice cream, milk, butter, and other milk products. In both cases, in order to get away from the antitrust laws they bought only the assets.

Then Mr. Bruce and his associates moved back to Pennsylvania, and there, 12 days later they bought the assets of Hall's Ice Cream Co., of Juniata, Pa., engaged in the manufacture of ice cream. In order to circumvent the law they bought only the assets, and in order further to circumvent the law they merged it with the W. E. Hoffman Co.

Two days later, in Buffalo, they bought the assets of two new concerns. They already had bought the assets of seven or eight concerns in Buffalo, but on that day they bought the assets of the Dodds-Alderney Dairy, Inc., a business engaged in selling milk and cream. They also bought the assets of the Queen City Dairy Co., of Buffalo, which was also engaged in the business of selling milk and cream.

Two days later they went to the great State which is so ably represented by the distinguished Republican whip, the Senator from Nebraska [Mr. WHERRY]. They went to Fremont, Nebr., and there bought the assets of the Arctic Cream Co. But the State of Nebraska has some good antitrust legislation, so in order to circumvent the State and Federal statutes they bought only the assets. That concern was also engaged in the business of manufacturing ice cream. That, Mr. President, was on the 4th day of May 1929.

Four days later where do we find Mr. Bruce and his associates? They are over in Michigan, and there they bought the assets of the Piper Ice Cream Co., of Muskegon, Mich., and again, in order to circumvent the law, they bought only the assets. The concern was engaged in the manufacture of ice cream.

Five days later we find Mr. Bruce and his associates still in Michigan, in the great city of Detroit, in which they already had bought the assets of eight outfits. There they bought the assets of the Supreme Ice Cream Co., of Detroit, engaged in the manufacture of ice cream.

Three days later they bought the assets of Louis M. Sagal, of New Haven, Conn. In order to circumvent the law they bought only the assets. That concern was engaged in the business of selling milk and ice cream.

Seven days later we find them in Illinois. They jumped all the way from Connecticut to Illinois. On the twenty-third we find them buying the Decatur Ice Cream Co., of Decatur, Ill., and again, in order to circumvent the law, they bought only the assets. That concern was engaged in the milk, ice cream and butter, and other milk products business.

Six days later we find them still in Illinois. This time the poor little town of Peoria was about to be seized by this monopoly. So in this town they buy up Foster's Dairy Products, a corporation. They also bought up the Washington Dairy Co., a corporation. The first was engaged in the manufacture of ice cream; the second dealt in milk, ice cream, butter, and other milk products. In both cases, in order to circumvent the antitrust statutes, they bought only the assets.

Two days later we find them back in New York. This time they bought up the assets of Louis Feingold, of Bronx, N. Y. In order to circumvent the antitrust statute they bought only the assets of that concern, which was engaged in selling whipped butter.

On the same day we find them back in Michigan, in the town made famous by Father Coughlin, Royal Oak, Mich. There in order to circumvent the antitrust laws they bought only the assets of Loren D. Vidder. That concern was engaged in dealing in milk.

Nine days later we find them back in Peoria, where they had bought two plants a few days before. This time they bought out the assets only of the Cream Products Co., engaged in the manufacture of ice cream. They bought the assets only in order to circumvent the law.

On the same day we find Mr. Bruce and his associates back in Detroit, Mich. This time they bought the assets of the Detroit Creamery Co. That makes 10 outfits they bought in Detroit. That concern was engaged in dealing in milk, cream, ice cream, butter and other milk products.

On the same day they went to the town of Elsie, Mich., and in order to circumvent the law bought only the assets of the Clinton Creamery Co., engaged in the business of milk, cream, condensed cream and other milk products.

They had already bought three concerns on that day, one in Illinois and two in Michigan, but on the same day they bought another concern in Michigan. They went to the town of Jackson, Mich., and bought the assets of the Fleming Ice Cream Co., which deal in ice cream. They bought the assets only in order to circumvent the law.

On the same day they went back to the great city of Grand Rapids, where they already had bought several concerns. In that great city of Grand Rapids they bought the Grand Rapids Creamery Co. In order to circumvent the law they bought the stock only. That concern was engaged in the business of milk, cream, butter and other milk products.

On the same day they went to another city in Michigan, the city of Allendale, and bought the Allendale Creamery Co., engaged in selling milk and butter. Again they bought only the assets.

Mr. Bruce and his associates apparently liked the great city of Grand Rapids, for on the same day they bought the Sanitary Milk Co. of Grand Rapids.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. BARKLEY. The Senator seems to have a considerable list of transactions. I wonder if he would be willing to have them printed in the RECORD.

Mr. LANGER. No; I want to read them. If the Senator does not mind, I should like to read them.

Mr. BARKLEY. I enjoy listening to the Senator read anything, but I thought I might save him time and effort.

Mr. LANGER. I think the Senator will find it very entertaining as we go along. After a while, having bought out everything they can in the East, they move out West, and then they go into South Dakota and North Dakota, and Washington. They are already up in Canada. They are paying the farmers as little as they can for what they buy from the farmer and, as I will show, they are making enormous profits, up in the hundreds of millions of dollars. I will show from the report that the concerns they own in these towns would buy from the farmer at as low a price as possible, and sell at high prices.

We find them again in the city of Grand Rapids. There they bought the Sanitary Milk Co. on the 10th day of June. That concern was engaged in the manufacture of milk, cream, butter, and cheese.

Then they went back to the great city of Detroit. There was another outfit operating in Detroit which they wanted to buy. So they bought the Square Deal Milk Co. in Detroit, Mich. That concern was engaged in the business of milk and milk products.

Then, strangely enough, they went back to Grand Rapids again. In Grand Rapids they bought the Valley City Creamery, a concern engaged in the business of milk and cream.

Then they went to another little town on the same day. They went to the town of Pontiac, Mich., and bought the Pontiac Dairy Co.

The PRESIDENT pro tempore. A point of order. What does the Senator mean by "another little town"? [Laughter.]

Mr. LANGER. I will say another very fine town. There they bought the Pontiac Dairy Co., a concern engaged in the business of milk, ice cream, butter, and other milk products.

On the same day, in Michigan, they bought the White Ice Cream Co., of Flint, Mich. They already had two concerns in Flint, Mich. This made the third. That concern was engaged in the manufacture of ice cream.

They liked the State of Michigan, so they went to Saginaw, Mich., and there they bought, on the same day, the Williams Ice Cream Co. of Saginaw, Mich., a concern engaged in the business of dealing in ice cream, ice cream mix, milk, and cream.

On the same day, at Port Huron, Mich., they bought the Wilson Ice Cream Co.

So on that day, the tenth day of June, 1929, they bought 16 different competitors; and I suppose Mr. Bruce and his associates called that a good day's work.

The next day they went back to Massachusetts, and there they bought the Deerfoot Farms Co., in Southboro, Mass., a concern dealing in milk, cream, and other milk products and pork products.

The day after that they went to Lowell, Mass., and bought the Cameron Ice Cream Co.; and to get away from the antitrust statutes they bought only the assets, so that Jim Bruce and the others could not be prosecuted under the antitrust laws.

Three days later, on the 15th of June, they went to Pittsburgh, Pa., and there they bought out Sam Altschuler. Again, to get away from the statutes, they bought only the assets.

Two days later they were back in Massachusetts, and bought out Anderson & Patterson, Inc., at Worcester, Mass., a concern engaged in the ice cream business.

Then they moved to Illinois, 5 days later, and bought out the Sinclair Ice Cream Co., of Galesburg, Ill., a concern engaged in the manufacture of ice cream. In order to get away from the Federal statutes, again they bought only the assets.

Three days later they went back again and bought the Bryant & Chapman Co., of Hartford, Conn.; and again they bought only the assets. That concern was engaged in dealing in milk, cream, and other milk products.

Six days later they went to Buffalo, N. Y. They already had four concerns in Buffalo, but they went back to Buffalo again, and on that day bought out the Schupp Dairy Co. Again, to get away from the antitrust acts, they bought only the assets. That concern, strangely enough, was engaged only in the milk business.

Two days later they were back in New York, and bought the John H. Doscher Co. Again, to get away from the antitrust statutes, they bought only the assets of a concern engaged in the milk business.

Then they went back to the State of Michigan. This time they went to Ann Arbor and bought out the Ann Arbor Dairy, doing business at Ann Arbor, Mich. That concern was engaged in dealing in milk, cream, ice cream, butter, and other milk products.

Then they went back to the State of Illinois. On the next day they bought Bowman Priebe Ovson Co., of Chicago, Ill., a concern engaged in the egg business.

Two days later they went to Louisville, Ky. For the first time we find them in Kentucky. In Louisville, Ky., they bought out the National Ice Cream Co., a concern engaged in dealing in milk, cream, ice cream, and skim milk.

Two days later they were back in New York. This time Mr. Bruce and his patriotic compatriots bought out the Maple Grove Farms, in New York. Again, to get away from the antitrust statutes, they bought only the assets.

Then they went back to Ohio again. This time they bought the Matthews Selected Dairies Co., of Cincinnati. That made five outfits in Ohio. Again, to get away from the antitrust statutes, they bought only the assets. Strangely enough, this concern was also dealing in milk, cream, butter, and other milk products.

Then they went back to Wisconsin. Eight days later they bought the Westpahl & Sons Milk Products Co., a corporation of Hartford, Wis. Again they bought only the assets. That concern was engaged in dealing in milk, cream, butter, and cheese.

Twelve days later we find them back in Nebraska. They went back to Omaha.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. WHERRY. When did they get back to Grand Rapids? [Laughter.]

Mr. LANGER. I do not know, but right now they are in Nebraska. They already have three plants in Omaha. Now they buy a fourth plant, the Satin Ice Cream Co. Again, to get away from the antitrust statutes, they bought only the assets. That concern was engaged in the manufacture of ice cream.

Then they went back to Kentucky. This time they went down to Newport, Ky. Five days later they bought the Hiland Dairy Co., of Newport, Ky. That concern was engaged in the manufacture of milk, cream, butter, and cheese.

Four days later we find them in Ohio. There they bought out the Frechtling Dairy Co. of Hamilton, Ohio; and to get away from the antitrust statutes they bought only the assets. That concern was engaged in the business of milk, cream, ice cream, and other milk products.

Then they went back to Illinois——

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. MILLIKIN. I was born and raised at Hamilton, Ohio. That was a pretty good milk company when I was there.

Mr. LANGER. Yes; but now it belongs to a monopoly. Think what fine men that milk raised when it was real milk, before they mixed it with water. Look at the fine specimen of manhood before us.

Mr. MILLIKIN. I am glad they did not reduce the size of Hamilton. [Laughter.]

Mr. LANGER. We are back now to Belleville, Ill. There, three days later, they bought out the A. & L. White Lily Dairy Co., and again, to get away from the antitrust statutes, they bought only the assets.

On the same day, in Pittsburgh, Pa., they bought out Walter Burke. In that case they bought only the assets. He was engaged in the milk business. Then they went back to Utica, N. Y., and bought out the A. L. Lockwood Ice Cream Corp.

Seven days later they were back in Kentucky. They went back to Newport, the same place where they already had one of these plants.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. BARKLEY. It is hard for anybody to stay away from Kentucky long. [Laughter.]

Mr. LANGER. Apparently Jim Bruce likes it down there, so far as profits are concerned. This time they bought the Feldman Milk and Cream Co. at Newport; but to get away from the antitrust statutes they bought only the assets.

Then they went back to Louisville, Ky., where they already had a plant, and bought out the Frozenpure Ice Cream Co., of Louisville; and to get away from the antitrust statutes Jim Bruce and his crowd bought only the assets.

Then they went back to Ohio, on the same day. They got out of Kentucky and moved over to Ohio on the same day. They did not stay there long. At Kenmore, Ohio, they bought the Kenmore-Barberton Milk Co.; but again bought only the assets.

The next day they went back to Illinois and bought the Sugar Creek Creamery Co. at Danville, Ill.

On the same day, Mr. President, they were in five other places. They went to Danville, Ill., and bought the Sugar Creek Creamery Co. Then they went to Missouri, for the first time, and bought the Golden Grain Butter Co., at Cape Girardeau.

Then they went back to Omaha, Nebr., and found another place in Omaha and bought that. That was called the Lange Creamery Co.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. WHERRY. What is the name of the company?

Mr. LANGER. The National Dairy Products Co. It is Jim Bruce's company.

Mr. WHERRY. Is he the president of that company?

Mr. LANGER. He is one of the leading officers of it.

With reference to the last five companies I have mentioned, this company bought only the assets. All of the companies were engaged in the business of producing butter, milk, cream, and other milk products.

Then they go to Florida, for the first time. They arrived in Florida on the 19th day of November 1929, and Jim Bruce and his associates bought the Sugar Creek Butter Co., at Orlando, Fla. They did not stay there long, because they found another concern in Kentucky. They went to Louisville, Ky., and bought the Gray Von Allman Sanitary Milk Co., a concern engaged in producing milk and milk products. Then they went back to Belleville, Ill., where they bought the Belleville Pure Milk & Ice Cream Co. They went back to Louisville, Ky., again, where they bought D. H. Ewing's Sons, Inc., a concern which, by coincidence, was engaged in dealing in butter, cream, cheese, and other dairy products. They went then to Cleveland, Ohio, and bought the Ott Dairy Co., a concern engaged in the same business. Three days later they were in St. Louis, Mo., and bought the Highland Dairy Farms Co., a concern there dealing in the same products. Two days later they are at Jamaica Plains, in Massachusetts, where they bought an ice-cream company, Creme-Freez, Inc. On the same day they bought the Creme-Freez, Inc., at Lynn, Mass. Fourteen days later they went to Kankakee, Ill., and bought out the Ideal Sweets Co. The next day they went back to Massachusetts and bought the Plymouth Rock Ice Cream Co., in North Abingdon. The next day they bought out E. P. Kaufman, at Youngstown, Ohio, but in order to evade the Antitrust Act they bought only the assets of that company.

On the 9th day of January, they go to New Milford, Pa., and buy the New Milford Milk Co., a concern dealing in dairy products.

Two days later they are in Crafton, Pa., where they bought the Schorr-Heimlein Dairy. Fifteen days later they are back in Monroe, Wis., where they bought the Blumer Products Co. Two months later they bought, in Chicago, Ill., the Kraft-Phenix Cheese Corp. In that case they bought the assets in order to evade the antitrust laws of the United States.

I am dealing, now, with the 17th day of March 1930, which was a great day for Jim Bruce and his outfit.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. McMAHON. Did the Senator say that that was on the 17th of March?

Mr. LANGER. Yes; the day which the Senator holds so sacred.

Mr. McMAHON. Did they go to Dublin? Did they operate in Dublin at all?

Mr. LANGER. I do not know.

On the 17th day of March, they were in Chicago, where they bought the Kraft-Phenix Cheese Corp. On the same day they were in Chico, Calif., where they bought out the Atlas Dry Milk Co. Then they went back to Monroe, Wis., again and bought the Badger-Brodhead Cheese Co. On the same day they went to Holland. They are getting nearer to Dublin. They went to Rotterdam, Holland, and bought out Betz & Jay N. V. Kasshandl, dealers in cheese. Then they went back to Montana. They had been there before. They bought out the Bitter-Root-Ravalli Co., all on that same day, the 17th day of March. That concern dealt in butter, cheese, and other milk products.

They then went back to Pittsburgh, and were in Pittsburgh on that same day and bought out the Bradley Cheese Co. Then to Los Angeles, on the 17th day of March, and this time they bought out the C. R. Chaney Co.

The concerns they were buying were dealing in butter, milk, and other milk products, but now they bought a mayonnaise concern. They bought out the Cloverleaf Creameries, Inc., Co., at Decatur, Ind.

On the same day, they bought out the Food Specialties Distributing Co., in Dayton, Ohio. When in Dayton they also bought a mayonnaise concern. They are going in for mayonnaise, now. Then on the same day, the 17th of March, they bought out the Greenwood Dairy, at Salem, Oreg.

In Baltimore, Md., on the same day they bought Gelfand Manufacturing Co., makers of mayonnaise. On St. Patrick's Day they were also in Toledo, Ohio, where they bought out the Grover-Ansted Cheese Co., a concern engaged in the manufacture of cheese and mayonnaise.

On the same day, they were in Nashville, Tenn., and bought out another mayonnaise company, the Henard Mayonnaise Co. On the same day they were in Rome, N. Y., where they bought out the Karlem-Bickelhaupt Co., a concern engaged in the manufacture of cheese. On the same day they were in Hayes, in England—nearer Dublin—where they bought the Hayes Cheese Co., Ltd. Of course, the United States antitrust statutes do not apply in England, so there they bought the stock of that concern. Then they went to Germany and bought the Kraft Cheese Co., in Hamburg.

On the same day, the 17th day of March, they were in Montreal, Canada, where they bought the Kraft-Phenix Cheese Co., Ltd., and on the same day they were in Habana, Cuba, buying the Kraft-Phenix Cheese Co. of Cuba. On the same day they were back in Chicago where they bought the Kraft-Phenix Cheese Co. On the same day they were in Plymouth, Wis., buying the Kraft-Phenix Cheese Co., and on the same day, the 17 day of March, they were in Wausau, Wis., where they bought the Kraft-Phenix Cheese Co. On the same day they were in Melbourne, in Australia, where they bought out the Kraft-Walker Cheese Co.

On the same day, the 17th of March, they were in Curtiss, Wis., where they bought the Laabs Cheese Co., and on the same day they were in San Francisco, Calif., buying out the Maher Cheese Co. On the same day they were at Lowville, N. Y., buying out the Miller-Richardson Co. On the same day they were in Missoula, Mont., buying the Missoula Creamery Co. On the same day they bought the National Cheese Co., in Chicago, Ill., and the Oakdale Dairy Co., New York, N. Y.

On the same day, they were in London, England, buying out the Phenix Cheese Co., Ltd. On the same day, the 17th day of March, they bought out the Porter Cheese Co., of Somerville, Mass., the Purity Creamery Products, Inc., of New York, N. Y., and on the same day they were in Oregon again. This time they were in Portland, where they bought out the Red Rock Dairy. On the same day they went, for the first time, to the great State of Washington, to the town of Kent, where they bought the Red Rock Creamery, dealing in cheese and butter. On the same day, the 17th day of March, they were in Chicago, where they bought out the Sanchez Cheese Co.

Then they were in Utica, N. Y., where they bought out the Sauquoit Valley Dairy Co., Inc. On the same day they were back in Missoula, Mont., where they

bought out the Sentinel Creamery, Inc. On the same day they were in Sheboygan, Wis., where they bought out the Sheboygan Cheese Co.

They bought out on the same day the C. A. Straubel Co. of Green Bay, Wis., and the Southern Dairies, Inc., in the city of Washington.

Then they went to Richmond, Va., and bought out the Chapin-Saks Co. in that city; and they also, on the same day bought the Chapin-Saks Co. in Washington, D. C. They were in Florida on the same day, at Jacksonville, and bought out the Purity Ice Cream & Dairy Co. of Florida. Then they were back in Richmond, Va., and bought out the Southern Dairies, Inc.

Then they went to Habana, Cuba, on the same day, the 17th day of March, and bought the Southern Dairies of Cuba. On the same day they were in Jacksonville, Fla., again, buying the Southern Dairies of Florida, Inc., in that city.

Then they went to Alabama, and on the same day, the 17th of March, 1930, they bought out the Southern Dairies of Alabama, at Montgomery, Ala.

On the same day, in Oakland, Calif., they bought the Tuttle Cheese Co.; and on the same day, in Cincinnati, Ohio, they bought the Valley Cheese Co., of Cincinnati, Ohio.

Then, at St. Paul, Minn., they bought the Ward Dry Milk Co.; and still on the same day, the 17th of March, they bought another company. By this time they were tired, because it was the last company they bought on that day—the Wheeler Cheese Co., of Brooklyn, N. Y.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. MYERS. I think that now that the Senator from North Dakota has so pointedly demonstrated what a great day the 17th of March was, he can conclude his remarks, because I believe he has clearly demonstrated that that day was a great one.

Mr. LANGER. Mr. President, I thank the Senator from Pennsylvania for that remark. I think he is entirely correct.

Seven days later, Mr. President, that concern went back to Detroit, Mich., and bought the Howard Moore Co. Of course, in order to get away from the antitrust laws, they bought only the assets.

Then, 2 days later, they went to Red Oak, Iowa, and bought the Lee Blue Ice Cream & Bottling Co.

Every one of the concerns they bought dealt either in milk, cheese, mayonnaise, dry milk, dry buttermilk, sweet milk, condensed milk, or skim milk.

Then, after they had gone to those various places, they went to Toledo, Ohio, and bought the eighth concern they had purchased there, the Jersey Ice Cream Co.

On the 1st of April, they went back to Detroit, Mich., and bought the assets of the Erwin E. Knapp Co.; and on the same day they bought the Sanitary Dairy Co., of O'Neill, Nebr.

On the 25th of that month, they bought the Chapman Dairy Co., of Kansas City, Mo.; and on the next day they went back to Detroit, Mich., and bought the Theodore Korte Co.; and in order to get away from the antitrust laws, they bought only the assets.

On the 1st of May, in Rochester, N. Y., they bought the Brighton Place Dairy Co., and 15 days later they went to Akron, Ohio, and bought the Puritan Dairy Co.

In the next month, they bought the Charles H. Schellenburger Co., at Youngstown, Ohio, where they already had purchased four plants; and in that case, also, in order to circumvent the application of the antitrust laws, they purchased only the assets.

Fifteen days later they went back to Louisville, Ky. They already had purchased a number of milk or ice cream companies there, but at that time they bought out Lee Lewis, Inc.; and again to circumvent the antitrust laws they purchased only the assets.

Four days later, at Pittsburgh, Pa., they bought the Nauman's Dairy, a concern dealing in milk.

In the next month, they went to Hartford, Conn., and purchased R. G. Miller & Sons, Inc.

In the next month they went to Schenectady, N. Y., where they already had two plants, and bought the Jersey Ice Cream Co., Inc.

Nine days later they went back to Detroit, Mich., and bought the Harry J. Sloan Co. Of course, in order to circumvent the antitrust laws, they purchased only the assets.

Following that, they went back to Omaha, Nebr; and on the 30th of August, 1930, they bought the Omaha Ice Cream Co.

On the 17th of September, they went to Princeton, N. J., and bought the Province Line Dairy Co., purchasing only the assets.

A week later they purchased the Western Maryland Dairy Corp., including the Fairfield Farms Co., in Baltimore. That made three concerns which they had purchased in Baltimore.

On the same day, they bought the Millers Dairy Co., of Baltimore, a concern dealing in milk and cream.

On the 11th of October, they went to Michigan, at Dowagiac, and bought the Barrett Riedoni Co. At that time they purchased only the assets of that company.

Then they came to Washington, D. C., and bought the Chevy Chase Dairy, Inc., a concern dealing in milk, cream, butter, cheese, and other milk products.

On the same day, in New York, they bought the Murray Hill Farms Dairy, Inc.

Five days later, at Detroit, Mich., they bought the Cyrus G. Lathers Co., a concern dealing in milk.

In the next month, they went to New York City and bought the Luxury Mayonnaise Co., a concern engaged in the manufacture of mayonnaise.

Eight days later they bought the Ladysmith Cheese Co., of Freeport, Ill.

Seven days later they went to Youngstown, Ohio, where they already had purchased four concerns, and bought the Henry Dister Co., of Youngstown. Again, in order to circumvent the antitrust laws, they purchased only the assets.

On the 10th of January, they went to Dallas, Tex.; for the first time they went to Texas. There they purchased the Capital Food Products Co., a concern engaged in the manufacture of mayonnaise.

In the same month, they bought the W. H. Taro Co., of Malone, N. Y., a concern engaged in the ice-cream business.

Two days later they bought the Purity Ice Cream Co., at Rome, Ga.; and they seemed to like that section of the country, because they also bought the Dalton Creamery Co., Inc.; and to circumvent the application of the antitrust laws, they purchased only the assets of both of those concerns.

On the 4th of February, they returned to Baltimore, where they already owned five concerns, and bought the Acme Dairy, of Baltimore; and in order to get away from being arrested or sued under the antitrust laws, they bought only the assets of that company, which was engaged in the milk business.

Then they returned to Rochester——

Mr. CHAVEZ. Mr. President, will the Senator yield to me?

Mr. LANGER. I yield.

Mr. CHAVEZ. The Senator from North Dakota keeps on repeating that that concern wished to avoid or circumvent the antitrust laws.

Mr. LANGER. Yes.

Mr. CHAVEZ. Very well, but what they did was within the law, was it not?

Mr. LANGER. Yes. If only the assets of such companies are purchased, that is within the law, according to a Supreme Court 5-to-4 decision.

Mr. CHAVEZ. So everything they did was within the law, was it not?

Mr. LANGER. That is correct.

Mr. CHAVEZ. In other words, they did not want to violate the antitrust law, and they did not violate it.

Mr. LANGER. That is right; they did not want to violate the antitrust law, and therefore they bought only the assets of those concerns. But I call the attention of the distinguished Senator from New Mexico to the fact that during all those years no Attorney General, whether a Republican or a Democrat, at any time prosecuted that concern for being a monopoly. No Attorney General did so until we come to Tom Clark, the present Attorney General.

Mr. CHAVEZ. But why should an Attorney General bother a United States citizen or corporation that did not violate the law?

Mr. LANGER. But they do violate the law when they organize a monopoly or a trust.

Mr. CHAVEZ. The Senator from North Dakota has stated again and again that the reason they bought only

the assets of these concerns was because they wanted to keep within the law, and that in acting as they did, they did keep within the law.

Mr. LANGER. But when they bought the stock, they violated the law.

Mr. CHAVEZ. Then why were not they punished?

Mr. LANGER. I have asked that question; I have asked it of Wendell Berge.

Mr. CHAVEZ. The Senator has said they bought only the assets of the corporations or companies he has named, and that they did so because they did not want to violate the antitrust law.

Mr. LANGER. That is correct. The Supreme Court has held, in a 5-to-4 decision, that when only the assets are purchased, that does not violate the antitrust laws.

But, Mr. President, time and time and time again no prosecution was brought. As the Senator from New Mexico well knows, no prosecution was brought by any Attorney General until Tom Clark came along; and he has told the National Association of Manufacturers, straight to their teeth—he did so 2 months ago—that he intends to prosecute as criminal a man or an organization that organizes a monopoly or a cartel.

Mr. CHAVEZ. Mr. President, if the person who has been under consideration this evening has violated any law, he should be punished.

Mr. LANGER. Of course.

Mr. CHAVEZ. But because he, as an officer of the concern with which he was connected or associated, did certain things that were within the law, what is wrong with that?

Mr. LANGER. Does the Senator from New Mexico think that to raise the price of milk and the price of ice cream to little children is wrong?

Mr. CHAVEZ. Of course.

Mr. LANGER. Is the Senator from New Mexico in favor of sending such a man to Argentina, to be our ambassador there, where perhaps he will continue to carry on the nefarious practice of organizing and extending such cartels, perhaps in Argentina, and perhaps also in England and Germany?

Mr. CHAVEZ. Mr. President, I should like to answer that question.

Mr. LANGER. I should like to have the Senator from New Mexico answer it.

Mr. CHAVEZ. Yes; I should like to answer it. I do not take a back seat to anyone in trying to protect the people who should be protected, including all United States citizens, and including the babies to whom the Senator from North Dakota has been referring. But we are a country of laws, and not of men. If something is the matter with the law, why does not the Senator and why do not the rest of us get busy and change the law until we get the protection desired? As long as it is the law, how can we complain?

Mr. LANGER. Has the Senator ever read the report of the Senator from Wyoming [Mr. O'MAHONEY], after that great investigation made under his direction, showing violations of law by life insurance companies, showing violations of law by one corporation after another? I challenge the Senator to cite just one criminal prosecution for violation of the antitrust law, which was passed in 1890.

Mr. CHAVEZ. Probably that is correct, but I challenge the Senator right now to give us one single instance in which the nominee who is being considered has violated the law.

Mr. LANGER. I say he has violated the law, this concern of which he is an officer has, every time they bought the stock of these companies and created a monopoly. I realize, of course, that there has not been prosecution. Perhaps Mr. Bruce is not any more guilty than anybody else, the General Electric, or anybody else. Read the book in which is given the account of how the General Electric bought tungsten at $24 a pound and what they did when they came to the cartel in Germany. They took what cost them $24 and raised the price to $403 a pound. Nobody was prosecuted in that case.

The Senator is familiar with the oil company cases. The Senator heard Senator Gillette give as fine a speech as was ever delivered on this floor, discussing the oil companies which were prosecuted right here in the city of Washington, how complaint was served at 10 o'clock in the morning and at 2 o'clock they plead nolo contendere, after the Assistant Attorney General, Mr. Black, of Yale University, had said the Government had a billion dollars coming from the oil companies, that it had a good tight case.

There has not been any prosecution, by a Republican Attorney General or a Democratic Attorney General, until now, when Tom Clark says he is going to prosecute.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CAIN in the chair). Does the Senator from North Dakota yield to the Senator from Kentucky?

Mr. LANGER. I yield.

Mr. BARKLEY. The Senator is not accurate in his statement, for this reason. I happen to be familiar with a case in which a Federal grand jury indicted 41 tobacco companies and their officers in the Federal court at Lexington, Ky., for violating the antitrust laws. There was a long drawn out trial, in which the jury convicted practically every one of the defendants. There were 15 or 20 indictments against the companies and 15 or 20 people. I think as to three or four it was probably discovered they had no case, and dismissed them, but after a long trial the jury inflicted not only heavy fines, but brought in sentences of imprisonment against a number of the defendants.

Mr. LANGER. Let me ask the Senator one question. Did a single one of those men go to jail?

Mr. BARKLEY. I do not know, because the cases were appealed, of course, as the defendants had a right to appeal them, and I do not think the appeals have been passed upon yet.

Mr. LANGER. I wrote a letter to the Attorney General of the United States, and have his reply saying that, so far as he knows, no one man has gone to jail, under the antitrust laws, except Eugene Debs.

Mr. BARKLEY. The Senator said no one had been prosecuted, and I thought I ought to make the statement I have made, because that was not accurate.

Mr. LANGER. No one has been put in jail or the penitentiary. If these men were prosecuted, it happened only a few years ago. I remember it well. At the same time the oil suit was brought, and was tried in Wisconsin, as I remember. The distinguished Senator well remembers that some defendants were dismissed, but, so far as I know, no one ever went to jail.

Mr. CHAVEZ. Mr. President, I feel exactly as does the Senator from North Dakota about these monopolies, and people who try to get outrageous prices for something that is not worth the price they get. But should the man being considered now be punished for them, or should it be the officials who the Senator says have neglected their duty?

Mr. LANGER. Does the Senator think a man who assisted in organizing these monopolies, and cartels, and all these companies I have mentioned, should be sent to the Argentine as ambassador?

Mr. CHAVEZ. If the gentleman who has been nominated, and whom we are now considering, has, within the law, been associated with an American corporation that is doing business under permission of law, if he is that good—and I did not know any of the things the Senator has been mentioning up to now, but I do happen to know the gentleman—I think he would make an ideal Ambassador to the Argentine Republic, notwithstanding the fact that he is interested in a big corporation. He has American common sense, which is actually what is needed now in dealing with the world.

Mr. LANGER. Does the Senator think he is a great business man because he is a director of 14 corporations?

Mr. CHAVEZ. I would say he is a great man because of these tremendous pieces of work he has been able to do, as the Senator has been outlining them, in Kentucky, Illinois, Michigan, and even in the State of the Presiding Officer, the State of Washington. But why should anyone be punished? I might agree with the Senator in his philosophy as to corporations and monopolies, but, whether we like it or not, they are permissible under the law.

Mr. LANGER. Why should one man out of 140,000,000 in the country, a man who would raise the price of milk handled by his company just as high as he could raise it, giving people just as little as possible, because that is good business—why, of all men in America, should a man like that be picked out to be Ambassador to a South American country, where people are looking to the United States for leadership, a man who is one day over in Holland, the next day in Canada, and the next day in England? I

think the Senator from New Mexico must be facetious when he says that kind of a man would be a good ambassador to the Argentine.

Mr. CHAVEZ. The Senator is not facetious, but he does want to be fair, and because a man is a success under the American system I am not going to condemn him. I know this particular gentleman, and if there is one man in the United States who would get along with the Argentine, with which we want to get along, it will be the gentleman who has been nominated.

Mr. LANGER. The Senator says he has been a success?

Mr. CHAVEZ. According to what the Senator has been telling us all afternoon, yes.

Mr. LANGER. What about his record as president of the Baltimore Trust Co.? What about his record as president of one of the banks that went broke, with a loss of millions of dollars to the depositors?

Mr. CHAVEZ. What about it?

Mr. LANGER. The Senator says he knows him?

Mr. CHAVEZ. Yes.

Mr. LANGER. A man who is immensely wealthy. Has he paid back any money to those poor depositors?

Mr. CHAVEZ. The Senator from New Mexico is as poor as a church mouse, but just because a man is wealthy I am not going to condemn him.

Mr. LANGER. I am not condemning a man because he is wealthy. Many men make their money honestly and become fabulously rich, and I am for them. If an American is honestly worth a million or a billion dollars, I am for him. But I am against a man who has made his money the way this man has made his—by raising the price of milk that babies drink.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. BARKLEY. Does the Senator know what proportion or percentage of the stock in the National Dairy Products Corp. is owned by Mr. Bruce?

Mr. LANGER. I do not know.

Mr. BARKLEY. The Senator knows that the price of milk all over this country—at least during the war—until the price controls were lifted, was fixed by the Government.

Mr. LANGER. It is not fixed in ordinary times.

Mr. BARKLEY. It could not be raised except with the consent of the Office of Price Administration.

Mr. LANGER. That was during the war. I am talking about the increase before the war, up to 1938. I have here the records of the Federal Trade Commission.

Mr. BARKLEY. The Senator has not given us any statement with respect to the increase in the price of milk during that period. He has been talking about the purchase of assets of other corporations. I am not justifying any unjustifiable increase in milk prices, because I am just as much a victim as is the Senator, or anyone else, but we do know that the cost of producing these commodities has gradually increased, and naturally there had to be an increase in cost to those who purchased them ultimately. I do not think that because economic conditions have brought about increases of prices of agricultural products a man who is engaged in the purchase and the processing of agricultural products should be pilloried here because he has a company that did the same thing.

Mr. LANGER. I might say, Mr. President, I can appreciate the fact that different men have different views, but as I said at the beginning of my talk, I might be the only man on the floor of the Senate who would vote against Mr. Bruce, yet I want the record made that when a man is a part of a huge monopoly that raises the price of milk to babies, pays farmers as little as it can possibly pay them, until the farmers have to go on strike in order to get a little more so that their wives and children can live, and then sells it at the highest price it can get, I do not believe that is the kind of man to send to Argentina to instruct the rank and file of the people of Argentina as to the kind of citizenship we have in this country. I say that among 140,000,000 people the President could have found a man who much more truly represented American citizenship than a cartelist or a monopolist.

Mr. President, that is not all; but, as one who has gone through life as I have, I have found that whether the Republican Party is in power or the Democratic Party is in power, when ambassadorships come along, one reads that someone has contributed $25,000, $50,000, or $100,000 to a campaign fund, and that the ambassadorship is simply a reward. I do not know whether Mr. Bruce contributed one nickel; I was not on the committee, and I did not ask. I have understood that he is very much interested in the coming election, and that he intends to take part in it. I am not going to be in the position of voting to confirm a man here on the Senate floor, and then, when the election gets red hot, get up on the stump and condemn him because he is assistant treasurer or treasurer of the Democratic National Committee. I simply will not do that. I want to make my record on it, and I want to make it now.

I do not know Mr. Bruce. I never saw the man. I would not know him if he were sitting in the Senate gallery; but I do know I am not going to vote for a man of that kind to be Ambassador to Argentina or any other country.

I do not want to detain the Senate a long, long time, and therefore I ask unanimous consent to place in the RECORD the list of other places where the National Dairy Products Corp. operated.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Name and location of company acquired	Acquisition		Commodities handled
	Date	Type	
E. J. Schwartz Distributing Co., Rochester, N. Y. (acquired by Kraft-Phenix Cheese Corp.).	Feb. 7, 1931	Assets transferred to new company; same name.	Cheese and mayonnaise.
Jodrie Distributing Co., Springfield Mass. (acquired by Kraft-Phenix Cheese Corp.).	Mar. 7, 1931	Assets merged with Kraft-Phenix Cheese Corp.	Do.
Joseph J. Senesky, Detroit, Mich. (acquired by Ebling Creamery Co.)	do	Assets merged with Ebling Creamery Co.	Milk.
Frederick Griesner, New York, N. Y. (acquired by Oakdale Dairy Co., Inc.)	Mar. 11, 1931	Assets merged with Oakdale Dairy Co.	Cheese.
The Echo Vale Creamery Co., Inc., Bedford, Pa. (acquired by Laher Ice Cream Co.).	Mar. 26, 1931	Assets merged with Lakes Ice Cream Co.	Milk and milk products.
New Kingston Cheese Co. Inc., New York, N. Y. (acquired by Breakstone Bros., Inc.).	Apr. 1, 1931	Stock	Cream, butter, other milk products, and eggs.
Eck & Fisher Ice Cream Co., Allentown, Pa. (acquired by Supplee-Wills-Jones Milk Co.).	Apr. 20, 1931	Assets merged with Supplee Wills-Jones Milk Co.	Ice cream.
Richmond Cooperative Association, Inc., Richmond, Vt. (acquired by General Ice Cream Corp.).	Apr. 25, 1931	Assets, ice cream business only, merged with General Ice Cream Co.	Do.
The Miller Dairy Co., New Canaan, Conn. (acquired by NDP Corp.)	May 1, 1931	Assets, company dissolved; assets transferred to new company; same name.	Milk and cream.
Ashtabula Pure Milk Co., Ashtabula, Ohio (acquired by the Telling-Belle-Vernon Co.).	May 25, 1931	Assets; certain assets from receiver, merged with Telling-Belle-Vernon Milk Co.	Do.
Consolidated Dairy Products Co., Long Island City, N. Y. (acquired by NDP Corp.).	June 17, 1931	Assets, company dissolved; assets transferred and new company; same name.	Ice cream.
Consolidated Dairy Products Co., Passaic, N. J. (acquired by NDP Corp.)	do	do	Do.
Malden Ice Cream Co., Malden, Mass. (acquired by NDP Corp.)	June 26, 1931	Assets, company dissolved; assets transferred to General Ice Cream Corp.	Do.
D. W. Whitmore & Co., Inc., New York, N. Y. (acquired by Kraft-Phenix Cheese Corp.).	July 28, 1931	Assets, company dissolved; assets transferred to Kraft-Phenix Cheese Co.	Cheese and butter.
Fort Schuyler Farms, Inc., Utica, N. Y. (acquired by Sheffield Farms Co., Inc.)	Aug. 6, 1931	Assets, part of assets only, merged with Sheffield Farms Co., Inc.	Milk and cream.

Name and location of company acquired	Acquisition		Commodities handled
	Date	Type	
Carl L. Kelley, Lexington, Ky. (acquired by Kraft-Phenix Cheese Corp.)	Aug. 27, 1931	Assets merged with Kraft-Phenix Cheese Co.	Cheese.
The Manchester Dairy Ice Cream Co., South Manchester, Conn. (acquired by General Ice Cream Corp.)	Sept. 2, 1931	Assets merged with General Ice Cream Corp.	Ice cream.
Marley Farm Products Co., Newark, N. J. (acquired by Breakstone Bros., Inc.)	Sept. 24, 1931	Stock	Milk and milk products.
Rogers Ice Cream Co., Inc., Poughkeepsie, N. Y. (acquired by General Ice Cream Corp.).	Feb. 15, 1932	Assets merged with General Ice Cream Corp.	Ice cream.
Dake Dairy Products Co., Inc., Greenfield, N. Y. (acquired by General Ice Cream Corp.).	Mar. 22, 1932	Stock	Do.
Quality Ice Creams, Inc., Cleveland, Ohio (acquired by the Telling Belle-Vernon Co.)	Nov. 16, 1932	Assets transferred to new company; same name.	Do.
Davis Cheese Co., Plymouth, Wis. (acquired by Kraft-Phenix Cheese Corp.)	Jan. 1, 1933	do	Cheese.
Shore Dairy Products, Inc., Brooklyn, N. Y. (acquired by Merit Dairy Products Corp.).	Apr. 17, 1933	Assets merged with Merit Dairy Products Corp.	Cream and cheese.
Dairy Valley Cheese, Ltd., London, Ontario, Canada (acquired by Kraft-Phenix Cheese Corp.).	Apr. 29, 1933	Assets transferred to Daifarm Cheese Co., Ltd.	Cheese.
A. Quinn's Sons, Brooklyn, N. Y. (acquired by Merit Dairy Products Corp.)	May 22, 1933	Assets merged with Merit Dairy Products Corp.	Cheese and sour cream.
Columbine Creamery Co., Ltd., Long Beach, Calif. (acquired by Kraft-Phenix Cheese Corp.).	June 1, 1933	Stock	Cheese and mayonnaise.
Columbine Creamery Co. of Arizona, Phoenix, Ariz. (acquired by Kraft-Phenix Cheese Corp.).	June 1, 1933	Stock	Do.
Weidman Ice Cream Co., Inc., Olean, N. Y. (acquired by Roberts Dairy, Inc.)	June 13, 1933	Certain assets merged with Roberts Dairy, Inc., in Buffalo only.	Ice cream.
Meyer Schurr Dairy Products, Inc., Brooklyn, N. Y. (acquired by Merit Dairy Products Corp.).	July 26, 1933	Certain assets merged with Merit Dairy Products Corp.	Wholesale cream, cheese, and butter.
Premier-Pabst Corp., Milwaukee, Wis. (acquired by Kraft-Phenix Cheese Corp.)	Oct. 19, 1933	Assets, cheese business only, assets to Davis Chelle Co.; name changed to Pabst-ett Corp.	Cheese.
Mose Deyo, Cairo, N. Y. (acquired by General Ice Cream Corp.)	Dec. 14, 1933	Assets merged with General Ice Cream Corp.	Ice cream.
Hodgson-Rowson Co., Ltd., Montreal, Canada (acquired by Kraft-Phenix Cheese Co., Ltd.).	do	Stock	Cheese.
Seaboard Creameries, Inc., Norfolk, Va. (acquired by Southern Dairies, Inc.)	Nov. 28, 1933	Assets, ice-cream business in Newport News, Va., only, combined with business of Southern Dairies.	Ice cream.
Lang's Ice Cream, Inc., Buffalo, N. Y. (acquired by General Ice Cream Corp.)	Mar. 5, 1934	Assets, combined with business of General Ice Cream Corp.	Do.
Claire R. Quereau, Inc., Philadelphia, Pa. (acquired by Kraft-Phenix Cheese Corp.)	May 25, 1934	Assets sold to and combined with business of Kraft-Associated Distributors, Inc.	Cheese.
Allentown Cheese Co. (formerly C. S. Kleppinger, Inc.), Allentown, Pa. (acquired by Kraft-Phenix Cheese Corp.).	June 6, 1934	Assets sold to and combined with business of Kraft Associated Distributors, Inc.	Do.
Dutchland Farms, Inc., Brockton, Mass. (acquired by General Ice Cream Corp.)	June 29, 1934	Assets, certain ice cream business only, combined with business of General Ice Cream Corp.	Ice cream and other milk products.
Elmhurst Special Milk Co. Inc., Buffalo, N. Y. (acquired by Dodds Alderney Dairy, Inc.).	do	Assets, milk distribution only, combined with business of Dodds Alderney Diary, Inc.	Milk.
George E. Trask, Inc., East Hartford, Conn. (acquired by Kraft-Phenix Cheese Corp.).	June 30, 1934	Assets sold to and combined with business of Kraft Associated Distributors, Inc.	Cheese.
Plummer & Silverman, Inc., Providence, R. I. (acquired by Kraft-Phenix Cheese Corp.).	June 30, 1934	Assets sold to and combined with business of Kraft Associated Distributors, Inc.	Do.
Maloney-Davidson Co., Inc., Louisville, Ky. (acquired by M-D Foods Service Co.)	Aug. 1, 1934	do	Cheese.
Pyburn Co., Atlanta, Ga. (acquired by Kraft-Phenix Cheese Corp)	Oct. 20, 1934	do	Do.
P. E. Sharpless Co., Philadelphia, Pa. (acquired by Kraft-Phenix Cheese Corp.)	Oct. 31, 1934	Assets transferred to and combined with business of Kraft-Associated Distributors, Inc.	Cheese and dairy products.
The Harold Graham Dairies, Inc., Hartford, Conn. (acquired by R. G. Miller & Sons, Inc.).	Jan. 7, 1935	Assets combined with business of R. G. Miller & Sons, Inc.	Milk and milk products.
Caum Ice Cream Co., Altoona, Pa. (acquired by Rieck-McJunkin Dairy Co.)	Mar. 27, 1935	Assets combined with business of Rieck-McJunkin Dairy Co.	Ice cream and milk.
Southland Diary Products Co., Inc., Jacksonville, Fla. (acquired by Southern Dairies, Inc.).	Apr. 25, 1935	Assets combined with business of Southern Dairies, Inc.	Do.
Frank M. Ferguson Co. Inc., Oakland, Calif. (acquired by Kraft Associated Distributors, Inc.).	June 1, 1935	Assets of cheese distributing business only combined with business of Kraft Associated Distributors, Inc.	Cheese.
Disher Cheese Co., Inc., Syracuse, N. Y. (acquired by Kraft-Phenix Cheese Corp.)	June 12, 1935	Assets sold to and combined with business of Kraft Associated Distributors, Inc.	Cheese and other milk products.
Colonial Ice Cream Co., East Providence, R. I. (acquired by General Ice Cream Corp.).	Aug. 6, 1935	Assets transferred to new company same name.	Ice cream.
Colonial Ice Cream Co. Inc., Norfolk, Va. (acquired by Southern Dairies, Inc.)	Nov. 7, 1935	Assets combined with business of Southern Dairies, Inc.	Do.
Utica Cheese Co., Inc., Utica, N. Y. (acquired by Kraft-Phenix Cheese Corp.)	Nov. 12, 1935	Assets sold to and combined with Kraft Associated Distributors, Inc.	Cheese.
Gray Gables Dairy (partnership) Kansas City, Mo. (acquired by Chapman Dairy Co.).	Nov. 20, 1935	Assets, wholesale business only, combined with business of Chapman Dairy Co.	Milk and milk products.
Meyer's Frozen Delicacies, Inc., Buffalo, N. Y. (acquired by Roberts' Dairy, Inc.)	Dec. 23, 1935	Assets combined with business of Roberts' Dairy, Inc.	Ice cream.
Flint & Fulton, Inc., trading as Monmouth Ice Cream Co., Asbury Park, N. J. (acquired by Breyer Ice Cream Co.).	Jan. 2, 1936	Assets sold to and combined with business of Casteles Ice Cream Co.	Do.
Piedmont Ice Cream Co. Inc., Salisbury, N. C. (acquired by Southern Dairies, Inc.)	Jan. 3, 1936	Assets combined with business of Southern Dairies, Inc.	Do.
Local Milk Products, Inc., Brooklyn, N. Y. (acquired by Muller Dairies, Inc.)	Jan. 13, 1936	Assets, portion of business only, combined with business of Muller Dairies, Inc.	Milk.
Rutland Ice Cream Co., Rutland, Vt. (acquired by General Ice Cream Corp.)	Jan. 28, 1936	Assets transferred to new company Rutland Ice Cream Corp.	Ice cream.
The Annapolis Dairy Product Co., Annapolis, Md. (acquired by the Annapolis Maid Ice Cream Co.).	Apr. 24, 1936	Assets, ice cream business only, sold to and combined with business of Southern Dairies, Inc.	Do.
Yerdon Ice Cream Co., Utica, N. Y. (acquired by General Ice Cream Corp.)	May 28, 1936	Stock	Do.
Windsor Evaporated Milk Co., Cleveland, Ohio	July 2, 1936	do	Fluid milk and cream.
Macomber Ice Cream Co., New Bedford, Mass.	Aug. 1, 1936	do	Ice cream.
Bushway-Whiting Ice Cream Co., Boston, Mass.	Oct. 31, 1936	do	Do.
Maple Brook Dairy Co., Painesville, Ohio	Apr. 1, 1937	do	Fluid milk and cream.

Mr. LANGER. Mr. President, I also wish to state for the RECORD that Mr. Bruce is hooked up with 13 other huge corporations in America.

I also desire to put in the RECORD a statement showing the dividends that were received by the National Dairy Products Corp., in what is known as exhibit 2. I ask unanimous consent that that be incorporated as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXHIBIT No. II.—*Dividends received by National Dairy Products Corp. from its subsidiaries*

	1935	1936	1937
Akron Pure Milk Co., the	$75,000.00	$41,000.00	$40,000.00
Allen Ice Cream Co		15,000.00	10,612.50
Arctic Dairy Products Co		110,500.00	
Breakstone Brothers, Inc	150,000.00	106,000.00	74,800.00
Breyer Ice Cream Co	900,000.00	780,000.00	743,050.00
Breyer Ice Cream Co., Inc	1,375,000.00	625,000.00	568,725.00
Bushway-Whiting Ice Cream Co			91,100.00
Castles Ice Cream Co., Inc		17,600.00	7,000.00
Chapell Ice Cream Co., Inc	130,600.00	50,000.00	59,400.00
Chestnut Farms-Chevy Chase Dairy Co	270,000.00	457,500.00	286,350.00
Clover Dairy Co., the	76,500.00	34,500.00	22,800.00
Clover Farm Dairy Co	191,760.00	67,915.00	77,503.00
Collis Products Co		6,000.00	
Consolidated Dairy Products Co., Inc		58,000.00	35,750.00
Consolidated Products Co		326,250.00	132,187.50
Consumers Dairy Co	250,000.00	110,000.00	79,150.00
Dairyland, Inc		2,700.00	
Detroit Creamery Co		230,520.30	120,000.00
Ebling Creamery Co	365,500.00	119,000.00	12,750.00
Empire Account Corp		55,000.00	17,885.00
Ewing-Von Allmen Dairy Co		13,125.00	
Fairfield Western Maryland Dairy Corp	120,762.00	343,914.00	157,981.50
Findlay Evaporated Milk Co		23,000.00	
Food Sales Co., Inc		32,000.00	52,604.00
Franklin Ice Cream Corp	215,000.00	82,500.00	
Frechtling Dairy Co	130,000.00	50,000.00	57,500.00
General Ice Cream Corp	2,061,681.65	774,269.25	640,669.85
Harding Cream Co., Inc			50,000.00
Highland Dairy Farms Co		44,000.00	
Hiland Dairy Co	6,000.00	27,500.00	30,000.00
Hydrox Corp	220,000.00	82,500.00	25,300.00
Hydrox Ice Cream Co	39,900.00	13,300.00	
Hydrox Ice Cream Co., Inc	200,600.00	185,000.00	43,350.00
Keystone Dairy Co		11,500.00	4,360.00
Kraft-Phenix Cheese Corp	5,300,000.00	3,850,000.00	2,983,000.00
Luick Dairy Co			5,000.00
Luick Ice Cream Co	240,000.00	6,000.00	
Matthews-Frechtling Dairy Co., the	50,000.00	61,000.00	29,500.00
Merchants Cold Storage Co	210,000.00	90,000.00	93,500.00
Muller Dairies, Inc	265,000.00	47,000.00	10,000.00
Nashville Pure Milk Co	125,000.00	5,000.00	
National Butter Co. of Iowa			48,050.00
Ohio Clover Leaf Dairy Co		61,000.00	73,200.00
Ovson Egg Co	142,000.00	39,050.00	71,000.00
Quality Ice Cream Co		2,500.00	
Rieck-McJunkin Dairy Co		264,000.00	290,000.00
J. D. Roszell Co	110,000.00	110,000.00	68,900.00
St. Louis Dairy Co	185,000.00		
Sanitary Milk Co., the	40,000.00	31,000.00	24,850.00
Sheffield By-Products Co	331,400.00	351,284.00	224,026.40
Sheffield Condensed Milk Co., Inc	609,800.00	822,204.00	365,225.40
Sheffield Farms Co., Inc	1,870,840.00	1,276,848.30	
Southern Dairies, Inc		277,779.05	169,194.90
Sugar Creek Creamery Co	100,000.00	75,000.00	148,495.00
Supplee-Wills-Jones Milk Co	1,563,655.00	1,023,174.25	193,757.25
Telling-Belle Vernon Co., the	745,605.00	426,704.85	287,464.32
Thompson Ice Cream Co		39,000.00	31,920.00
Tri-State Butter Co., the	200,000.00	65,000.00	85,000.00
Union Ice Cream Co. (Tennessee)	20,000.00	4,000.00	
Youngstown Sanitary Milk Co	24,000.00	24,000.00	47,300.00
Total	18,912,403.65	13,841,638.00	8,690,211.62

Mr. LANGER. Also, Mr. President, I should like to have in the RECORD exhibit 3, showing the operating subsidiaries of the National Dairy Products Corp., with the location of the plants, classed as to principal products received, processed, manufactured, or handled, as of November 15, 1938.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

EXHIBIT III

OPERATING SUBSIDIARIES OF NATIONAL DAIRY PRODUCTS CORP., WITH LOCATION OF THEIR PLANTS, CLASSIFIED AS TO PRINCIPAL PRODUCTS RECEIVED, PROCESSED, MANUFACTURED, OR HANDLED, AS OF NOVEMBER 15, 1938

FLUID MILK

Akron Pure Milk Co., Akron, Ohio; Chapman Dairy Co., Kansas City, Mo.; Chestnut Farms-Chevy Chase Dairy Co., Washington, D. C.; Clover Dairy Co., Wilmington, Del.; Clover Farm Dairy Co., Memphis, Tenn.; Consumers Dairy Co., Union City, N. J.; Deerfoot Farms Co., Southboro, Mass.; Detroit Creamery Co., Detroit, Grand Rapids, Ann Arbor, Lansing, Flint, Pontiac, Mich.

Ebling Creamery Co., Detroit, Mich.; Ewing-Von Allmen Dairy Co., Louisville, Ky.; Fairfield Western Maryland Dairy Corp., Baltimore, Md.; Frechtling Dairy Co., Hamilton, Ohio; Brighton Place Dairy Co., Inc., Rochester, N. Y.; Bryant & Chapman Co., Hartford, Conn.; Dodds Alderney Dairy, Inc., Buffalo, N. Y.; Erie County Milk Association, Erie, Pa.; R. G. Miller & Sons, Inc., Hartford, Conn.; Hiland Dairy Co., Newport, Ky., Luick Dairy Co, Milwaukee, Wis.; Maple Brook Dairy Co., Painesville, Ohio.

Matthews-Frechtling Dairy Co., Cincinnati, Ohio; Muller Dairies, Inc., New York, N. Y.; Nashville Pure Milk Co., Nashville, Tenn.; Ohio Clover Leaf Dairy Co., Toledo, Ohio; Rieck-McJunkin Dairy, Pittsburgh, Altoona, Butler, Charleroi, Meadville, New Castle, Pa.

J. D. Roszell Co., Peoria, Ill.; St. Louis Dairy Co., St. Louis, Mo.; Sanitary Milk Co., Canton, Ohio; Sheffield Farms Co., Inc., Webster Avenue, 524 West Fifty-seventh Street, 623 West One Hundred and Twenty-fifth Street (Harlem), Fulton Street, New York, N. Y.; Jamaica, N. Y.; New Canaan, Conn.; West End, N. J.; Southern Dairies, Inc., Rocky Mount, N. C.; Supplee-Wills-Jones Milk Co., 1523 North Twenty-sixth Street, 4701 Lancaster Avenue, Philadelphia, Pa.; Camden, N. J.; Telling-Belle Vernon Co., Cleveland, Ohio; Youngstown Sanitary Milk Co., Youngstown, Ohio.

FLUID-MILK RECEIVING PLANTS

Breyer Ice Cream Co. of Delaware, Kenton, Del.; Millington, Ridgely, Md.; Port Royal, Millerstown, Pa.; Elton, Houghton, Franklinville, N. Y.; Chapman Dairy Co., Butler, Mo.; Chestnut Farms-Chevy Chase Dairy Co., Frederick, Md.; Consumers Dairy Co., Earlville, Hancock, Spencer, N. Y.; Detroit Creamery Co., Ovid, Brighton, Fowlerville, Vassar, Willis, Alma, Allendale, Mich.

Ebling Creamery Co., Grass Lake, Saline, Clinton, Hillsdale, Brown City, Maybee, Parma, Mich.; Ewing-Von Allmen Dairy Co., Madison, Ind.; Taylorsville, Ky.; Fairfield Western Maryland Dairy Corp., Brodbeck, Churchville, Woodbine, Pa.; Detour, Dublin, Fowblesburg, Mt. Airy, Pylesville, New Windsor, Taneytown, Union Bridge, Unionville, Md.; Findlay Evaporated Milk Co., Attica, Ohio; Franklin Ice Cream Corp., Tonganoxie, Kans.; General Ice Cream Corp., Leon, North Bangor, Fort Covington, N. Y.

Bryant & Chapman Co., Cambridge, Vt.; Ohio Evaporated Milk Co., East Rochester, Ohio; Rieck-McJunkin Dairy Co., Bedford, Indiana, Linesville, Punxsutawney, Pa.; J. D. Roszell Co., Pontiac, Ill.; St. Louis Dairy Co., Highland, Sparta, Venedy, Altamont, Hecker, Coffeen, Ill.; Vandalia, Mo.; Sheffield Condensed Milk Co., Inc., Rising Sun, Md.; Harkness, Heuvelton, Ellenburg, Lisbon, Malone, N. Y.

Sheffield Farms Co., Inc., Amenia, Bainbridge, Billings, Black River, Blooming Grove, Bloomville, Boonville, Bullville, Cambridge, Center Lisle, Central Bridge, Clyde, Cobleskill, Cooperstown, Davenport Center, Douglass Crossing, East Worcester, Eaton, Edmeston, Grand Gorge, Halcottville, Hillsdale, Homer, Interlaken, Lacona, Limerick, Locke, MacDougall, Moravia, Mount Upton, New Berlin, North Chatham, Oneonta, Pawling, Peruton, Portlandville, Pulaski, Richmondville, Roxbury, Seward, Smithboro, Smiths Basin, Smyrna, South Kortright, Stamford, Stephentown, Throop, Truxton, Tully, Walton, West Edmeston, Woods Corners, N. Y.; Bellefonte, Canton, Coburn, Cowley, Foster, Howard Lakewood, Lewisburg, Middleburg, Mill Hall, New Milford, Roaring Branch, Spring Mills, Starrucca, Tioga, Ulster, Wysox, Pa.; Hamburg, Johnsonburg, N. J.; Charlotte, Florence, Middlebury, New Haven Junction, Vergennes, Whiting, Vt.

Southern Dairies, Inc., Gallion, Ala.; Sugar Creek Creamry, New Albany, Ind.; Jonesboro, Prescott, Ark.; Poplar Bluff, Thayer, Mo.

Supple-Wills-Jones Milk Co., Bedford, Centerville, Chambersburg, Duneannon, Huntingdon, Leaman Place, Lewistown, Mercersburg, Red Hill, Waynesboro, Zieglersville, Chestertown, Pa.; Kennedyville, Princess Anne, Hagerstown, Md.; Mount Pleasant, Nassau, Townsend, Del.; Telling-Belle Vernon Co., Beloit, Jefferson, Rome, Wellington, Ohio.

BUTTER

National Butter Co. of Iowa, Dubuque, Iowa; Rieck-McJunkin Dairy Co., Huntingdon, Pa.; Sheffield Farms Co., Inc., Hobart, N. Y.; Sugar Creek Creamery Co., Danville, Pana, Ill.; Louisville, Ky.; Cape Girardeau, Kansas City, Marshfield, St. Louis, Mo.; Indianapolis, Evansville, Ind.; Bristol, S. Dak.; Knoxville, Tenn.; Omaha, O'Neill, Nebr.; Salina, Kans.; The Tri-State Butter Co., Cincinnati, Ohio.

CHEESE

Breakstone Bros., Inc., New York, Walton, Franklinville, N. Y.; National Cheese Co., Chicago, Ill.; Campbellsport, Lomira, West De Pere, Wis.

National Creamery Co., Somerville, Mass.; Kraft-Phenix Cheese Corp., Chicago, Aledo, Freeport, Marshall, Milledgeville, Stockton, Ill.; Bloomfield, Dale, Marshall, Paoli, Ridgeville, Salem, Sharpsville, Shirley, Sullivan, Summitville, Sweetser, Ind.; Hartville, Mansfield, Mountain Grove, Moberly, Nevada, Mo.; Uniontown, Ala.; Carlisle, Hope, Searcy, Marion, Ark.; Emporia, Larned, McPherson, Oswego, Kans.; Lawrenceburg, Owenton, Ky.; Booneville, Brooksville, Calhoun City, Columbus, Corinth, Houston, Newton, Water Valley, Winona, Miss.; Gallatin, McEwen, Surgoinsville, Tenn.; Glen Karn, Ohio; Clare, Gladwin, Pinconning, Scottville, Mich.; Antigo, Beaver Dam, Green Bay, Wis.; Moorefield, W. Va.; Jersey City, N. J.; Kent, Wash.; Manteca, Los Angeles, San Francisco, Tulare, Calif.; Aberdeen, Arco, Blackfoot, Carey, Grace, Lewisville, Paul, Pocatello, Ririe, Rockland, Rupert, Idaho; Denison, Bonham, Cameron, Grapeland, Sulphur Springs, Victoria, Winnsboro, Tex.; Atlanta, Ga.; Shawnee, Sulphur, Okla.; Tigard, Oreg.; Greenwood, S. C.; South Edmeston, N. Y.; West Jefferson, N. C.; Cloverleaf Creameries, Inc., Decatur, Huntington, Ind.

Miller Richardson Co., Inc., Western (Webster Hill factory), Annsville (Blake factory), Verona (Churchville factory), Western (Brick Hill factory), Western (Hillside factory), Floyd (Camraden factory), Rome (Tuescher factory), Verona (Schraeder factory, Verona (New London factory), Hammond (King factory), Alexandria (Alexandria factory), Theresa (Howland factory), Alexandria (Creek Road factory), Alexandria (Thistle factory), Clayton (Bluff factory), Clayton (Wetterhan factory), Pickney (Barnes Corners factory), Montague (Rector factory), Champion (South Champion factory), Lowville, N. Y.; Pabst-ett Corp., Plymouth, Wis.; C. A. Straubel Co., Pulaski, Wis.

ICE CREAM

Allen Ice Cream Co., Rockford, Ill.; Breyer Ice Cream Co. (Delaware), Philadelphia, Pa.; Newark, N. J.; Breyer Ice Cream Co., Inc., Long Island City, N. Y.; Bushway-Whiting Ice Cream Co., Somerville, Mass.; Castles Ice Cream Co., Garfield, N. J.; Consolidated Dairy Products Co., Inc., Long Island City, N. Y.; Detroit Creamery Co., Detroit, Lansing, Kalamazoo, Grand Rapids, Mich.; Franklin Ice Cream Corp., Kansas City, Mo.; General Ice Cream Corp., Schenectady, Albany, Amsterdam, Binghamton, Buffalo, Elmira, Geneva, Jamestown, Malone, Poughkeepsie, Rochester, Syracuse, Utica, Watertown, Worcester, N. Y.; Springfield, East Cambridge, Lawrence, Mass.; New Haven, Bridgeport, Hartford, South Manchester, Conn.; Pawtucket, Providence, R. I.; Burlington, Manchester, Vt.; Bangor, Portland, Maine, Erie, Pa.

Jersey Ice Cream Co., Lawrence, Mass.; Plymouth Rock Ice Cream Co., North Abington, Mass.; Sagal Lou Products Co., New Haven, Conn.; Wagars', Inc., Troy, N. Y.; the Harding Co., Omaha, Nebr.; Hydrox Corp., Chicago, Ill.; Hydrox Ice Cream Co., Inc., Long Island City, N. Y.; Luick Ice Cream Co., Milwaukee, Wis.; Macomber Ice Cream Co., New Bedford, Mass.; Ohio Clover Leaf Dairy Co., Toledo, Ohio; Quality Ice Cream Co., Cleveland, Ohio.

Southern Dairies, Inc., Washington, D. C.; Richmond, Norfolk, Va.; Greensboro, Wilson, Charlotte, Asheville, Winston-Salem, N. C.; Atlanta, Ga.; Cambria, Va.; Chattanooga, Knoxville, Tenn.; Birmingham, Montgomery, Mobile, Ala.; Jacksonville, Miami, West Palm Beach, St. Petersburg, Fla.

Supplee-Wills-Jones Milk Co., Philadelphia, Pa.; Telling-Belle Vernon Co., Cleveland, Akron, Columbus, Dayton, Ohio; Wheeling, W. Va.; Union Ice Cream Co., Nashville, Tenn.

EVAPORATED AND CONDENSED MILK

Consolidated Products Co., Danville, Chicago, Champaign, Galesburg, Pana, Peoria, Ill.; Akron, Cincinnati, New Bremen, Washington C. H., Ohio; Des Moines, Davenport, Iowa; Evansville, Rochester, Vincennes, Ind.; Marshfield, St. Louis, Carthage, Mo.; Hutchinson, Kansas City, Sabetha, Topeka, Winfield, Wichita, Kans.; Lincoln, Omaha, Nebr.; Bristol, S. Dak.; Bismarck, Grand Forks, Jamestown, N. Dak.; Louisville, Ky.; Oklahoma City, Vinita, Okla.; Portales, N. Mex.; Trinidad, Colo.; Sacramento, Tulare, Calif.

Findlay Evaporated Milk Co., Findlay, Ohio; Keystone Dairy Co., Lakeville, Nunda, Portville, Potsdam, N. Y.; Kraft-Phenix Cheese Corp., Kendallville, Ind.; Wittenberg, Wis.; Ohio Evaporated Milk Co., Lockwood, Ohio; Sheffield Condensed Milk Co., Inc., Canton, Chateaugay, N. Y.; Windsor Evaporated Milk Co., Carrollton, Ohio.

OTHER MILK PRODUCTS

Breakstone Bros., Inc., New York, N. Y.; Jersey City, N. J.; Collis Products Co., St. Paul, Minn.; Orleans, Nebr.; Kraft-Phenix Cheese Corp., Wausau, Hartford, Wittenberg, Wis.; Ohio Evaporated Milk Co., Farmdale, Ohio; Rieck-McJunkin Dairy Co., Springboro, Pa.; Rock Creek Dairy, Inc., Walkersville, Md.; Sheffield By-Products Co., Inc., Hobart, N. Y.; Ward Dry Milk Co., St. Paul, Albany, Albert Lea, Hutchinson, Minn.; Akron, N. Y.

Mr. LANGER. Mr. President, I purposely did not go into that portion of this man's record which comprises the war years. I can understand, of course, that war will cause a rise in prices. I have not said one word about the profits that accrued after the war began. But in addition to that, I also want the RECORD to show that independents, farmers, tried to organize cooperatives to bring milk into certain towns, and that they were kept out, according to the report of the Federal Trade Commission. Farmers tried to organize cooperatives, and were unable to market their milk, even so. That was true not only as to milk, but also as to butter.

Then, Mr. President, I submit a statement to show that the National Dairy Products Corp. is a holding corporation, organized for the purpose of acquiring and holding the capital stock of other corporations engaged in the milk and dairy products industry, and I ask unanimous consent to place in the RECORD that portion of the report prepared by the Federal Trade Commission dealing with that subject.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

NATIONAL DAIRY PRODUCTS CORP.

National Dairy Products Corp. is a holding company organized for the purpose of acquiring and holding the capital stock of other corporations engaged in milk and dairy products industries. It was incorporated December 8, 1923, and immediately thereafter acquired the capital stock of Hydrox Corp. primarily engaged in the manufacture and sale of ice cream in Chicago, Ill. It also acquired all of the capital stock of the Rieck-McJunkin Dairy Co. primarily engaged in the distribution of fluid milk in Pittsburgh, Pa., but also engaged in the manufacture and sale of numerous milk products. The business of these two subsidiaries formed a nucleous around which many acquisitions have been made. Since its organization, National Dairy Products Corp. has acquired the capital stock or the assets in whole or in part of more than 360 concerns engaged in the various branches of milk and milk products industries.

Of the 362 companies acquired, 176 were capital stock acquisitions; 135 were asset acquisitions, wherein the assets were assigned to and merged with the assets of existing subsidiaries, and 51 were asset acquisitions in which the old company was dissolved and the assets transferred to a new company organized under the same or similar name.

It was the practice of National Dairy Products Corp. to investigate each proposed acquisition, and if it was found there was no competition between the company whose acquisition was being considered and any existing subsidiary of National Dairy Products Corp., the capital stock was acquired. If, however, there was competition, and if acquisition of the capital stock might involve a possible violation of section 7 of the Clayton Act, the assets were acquired, thus avoiding the provisions of the Clayton Act, which declares that—

"No corporation shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of two or more corporations engaged in commerce where the effect of such acquisition, or the use of such stock by the voting or granting of proxies or otherwise may be to substantially lessen competition between such corporations, or any of them, whose stock or other share capital is so acquired, or to restrain such commerce in any section or community, or to create a monopoly of any line of commerce."

It was also a general policy of National Dairy Products Corp., especially where assets instead of capital stock were acquired, to cause the old corporation to be dissolved and a new corporation to be organized under the same or similar name to take over and operate the assets. Such new corporations were usually organized with a nominal capitalization, the holding company subscribing to and holding all of the issued and outstanding capital stock. In many instances only a portion of the assets were acquired, in which cases they were transferred to an appropriate existing subsidiary. This was true, for instance, where only the fluid milk distributing business or the ice cream business was desired. In some cases the individuals controlling or managing the company acquired were bound by contracts not to engage in business in competition with the acquired company for a fixed number of years.

EXTENT OF OPERATIONS

National Dairy Products Corp., through expansion by acquisition of established concerns, has extended its operations throughout the United States and the Dominion of Canada. It is the largest distributor of milk and other dairy products in the United States. The total sales of the corporation for 1937 amounted to $351,015,643.84. The consolidated net profit of National Dairy Products Corp. and its subsidiaries after making provisions for interest depreciation and all Federal and State taxes during 1937, amounted to $10,290,731.52, equivalent to $1.53 per share on 6,263,880 shares of no par common stock after provisions were made for preferred stock dividends. The authorized capital stock of National Dairy Products Corp. as of December 31, 1937, consisted of 8,000,000 shares of par common stock, 69,244 shares of class A 7-percent cumulative preferred stock, and 50,000 shares of class B cumulative preferred stock; of which 6,263,880 shares of the common, 57,339 shares of the class A preferred stock and 41,370 shares of the Class B preferred issued and outstanding.

The principal income to National Dairy Products Corp. is in the form of dividends received from subsidiary companies. During 1935, 1936, and 1937, 60 subsidiaries paid dividends to the parent company amounting to $18,912,403.65 during 1935; $13,841,638 during 1936; and $8,690,211.62 during 1937.

The National Dairy Products Corp. paid dividends on its capital stock as follows:

1936	$8,196,704.40
1937	8,197,259.40
1938 (to Oct. 1, 1938)	5,522,419.85

Acquisitions by National Dairy Products Corp. were usually financed by the issuance of stock in the holding company with comparatively little outlay of actual cash. The preferred stocks of both classes were issued in part payment for assets or capital stock acquired. All of the class A preferred stock was issued for an equal number of shares of preferred stock in Supplee-Wills-Jones Milk Co., of Philadelphia, Pa., and all of the class B preferred stock was issued in part payment for the assets of Breyer Ice Cream Co., also of Philadelphia, Pa. Up to May 21, 1936, 3,044,269 shares of the then outstanding common stock (6,263,165 shares as of January 1936) of National Dairy Products Corp. had been issued in exchange for stock or assets of acquired companies.

Subsequent to their acquisition, several of the companies acquired were reorganized and consolidated. On November 15, 1938, there were 96 active subsidiaries whose stock was held directly by National Dairy Products Corp. or by one or more of its subsidiary corporations, of which 77 were actively engaged in the milk and dairy products industries within the United States. The remaining active corporations were either engaged in other allied lines of business or were foreign corporations whose activities were not reported by the company. There were also 63 inactive corporations whose stocks were held by the National Dairy Products Corp. or one of its subsidiaries. The inactive corporations were kept alive, in some cases at least, to protect the names of companies whose stock or assets including good will, had been acquired.

Seventy-three subsidiaries operate 504 plants located in 41 States and the District of Columbia, are engaged in receiving, processing, and/or manufacturing milk and milk products. Thirty-three of them, operating 52 pasteurizing and distributing plants are primarily engaged in the distribution of fluid milk, and distributed 204,486,212 gallons of milk for consumption in fluid form during 1937. The fluid milk companies operated 171 country receiving plants in 15 States, for the purpose of assembling milk for preparation and shipment to city pasteurization plants. Five subsidiaries operated 18 plants in 12 States for the production of creamery butter and produced 102,139,974 pounds during 1937. Nine companies, operating 120 plants in 25 States, are engaged in the manufacture of cheese and produced 291,166,676 pounds during 1937. Twenty-four companies operate 80 plants in 22 States manufacturing ice cream and produced 47,484,967 gallons of ice-cream mix during 1937. Seven companies operated 47 plants in 15 States producing condensed and evaporated milk, and produced 2,583,572 gallons of whole and skim plain condensed milk, 2,731,822 gallons of evaporated milk, and 21,120,368 pounds of whole skim sweet condensed milk during 1937.

Mr. LANGER. Finally, Mr. President, I wish to say that I feel strongly about this matter, as an individual. I voted alone against the confirmation of Mr. Stettinius. The vote, as I remember it, was 91 or 92 to 1. I was told upon the Senate floor what a great man Stettinius was. He did not remain long as Secretary of State. I have always been proud of my vote against Edward Stettinius. I believe that if in this case the nominee is confirmed and goes to Argentina, he will not do any better in Argentina than Mr. Stettinius did as Secretary of State.

Having made my record, Mr. President, I rest.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

Mr. BARKLEY. Mr. President, I am not going to take much of the time of the Senate. I wish merely to state that Mr. Bruce is, it is true, an able businessman. He has not engaged in any activity that is in violation of the laws of his country, in my opinion. He is the son of a former Senator who served from Maryland, former Senator William Cabell Bruce, I believe. I did not always agree with Mr. Bruce, although he was a Democrat, and so was I. But I have known "Jim" Bruce for a long time.

It may be unfortunate that in searching for ambassadors from this country to others, because of the comparatively low pay and small amount allowed them for expenses in other countries, we are required in a way to limit the appointments of our important diplomatic posts to men of independent means. That, I have often thought, was unfortunate, and I have often condemned it. But it is a condition Congress has not remedied, and which, from the present viewpoint, it is not likely to remedy in the very near future.

I hope the nomination will be confirmed, because I believe Mr. Bruce will make an able, conscientious representative of the United States in this particular part of South America.

Mr. CHAVEZ. Mr. President, I believe that anyone who knows my voting record in matters affecting the welfare of the people of the country as a whole will appreciate and realize that I am generally on the side of my good friend, the Senator from North Dakota, on basic law, and on the matter of philosophy of government. I also appreciate the fact that America is a great country, and that it is the land of opportunity.

Economically I have nothing in common with the individual who is now being considered for the post of Ambassador to Argentina. The very fact, however, that he has become the beneficiary of American opportunity and has made economic progress, the very fact that he is even being considered for the post of Ambassador, after his past record has been fully investigated, proves to me at least that such a person will certainly get along with the Argentinians. I believe I know the Argentine about as well as anyone. Such an individual as the nominee, from what I know of him, can get along with the people of the Argentine, and I honestly believe he will be an excellent ambassador. That is why I shall vote for his confirmation.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of James Bruce, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina?

The nomination was confirmed.

Mr. BARKLEY. Mr. President, I ask that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith of the confirmation of the nomination.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, I should like to make an announcement for the benefit of Senators present, and for the RECORD. In keeping with the policy of the majority in conducting the legislative program, the handling of a piece of legislation is left to the judgment of the chairman of the committee which has reported the legislation. I call the attention of the Senate to the fact that the Senator from Colorado [Mr. MILLIKIN] is in charge of the tax bill. He has requested that consideration be given the bill tomorrow, in the hope that it may be concluded some time tomorrow afternoon, but in the event that it is not concluded during the afternoon, that the Senate remains in continuous session until action on it shall be concluded. I think it proper that Senators should be advised that, if necessary, a night session will be held tomorrow to conclude action on the bill.

Mr. BARKLEY. But we will not have a session on Sunday?

Mr. WHERRY. Mr. President, the minority leader knows as well as I do that the Senate should conclude action upon the tax legislation at as early a moment as possible, if possible tomorrow night; and I know the Senator from Kentucky will cooperate to that end. I will say that we will cross the hurdles when we come to them. It is our intention, if it meets with the approval of the Members of the Senate, especially the minority leader, to conclude action on the tax bill tomorrow.

Mr. BARKLEY. I am anxious that action on the bill may be concluded tomorrow, and, of course, will cooperate fully to that end. I hope it will not be necessary to have a session running into tomorrow night.

Mr. WHERRY. When that time comes I know the minority leader will cooperate with us to determine what shall be done by way of concluding debate on the tax bill.

Mr. BARKLEY. I shall be glad to cooperate.

RECESS

Mr. WHERRY. With that announcement, Mr. President, and, I hope, a clear understanding of our intention, I now move, as in legislative session, that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 23 minutes p. m.) the Senate, as in legislative session, took a recess until tomorrow, Saturday, July 12, 1947, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 11 (legislative day of July 10), 1947:

UNITED STATES DISTRICT JUDGE

Herbert W. Christenberry, of Louisiana, to be United States district judge for the eastern district of Louisiana, vice Hon. Adrian J. Caillouet, deceased.

APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES

TO BE PROFESSOR OF MATHEMATICS AT THE UNITED STATES MILITARY ACADEMY, WITH RANK FROM DATE OF APPOINTMENT

Brig. Gen. William Weston Bessell, Jr. (lieutenant colonel, Corps of Engineers).

CONFIRMATIONS

Executive nominations confirmed by the Senate July 11 (legislative day of July 10), 1947:

DIPLOMATIC AND FOREIGN SERVICE

TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO ARGENTINA

James Bruce

TO BE A FOREIGN SERVICE OFFICER OF CLASS 2, A CONSUL, AND A SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

Abbot Low Moffat

TO BE A FOREIGN SERVICE OFFICER OF CLASS 3, A CONSUL, AND A SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

William A. Conkright

TO BE A FOREIGN SERVICE OFFICER OF CLASS 4, A CONSUL, AND A SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

Robert B. Elwood

TO BE A FOREIGN SERVICE OFFICER OF CLASS 5, A VICE CONSUL OF CAREER, AND A SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

Neil M. Ruge

TO BE FOREIGN SERVICE OFFICERS OF CLASS 6, VICE CONSULS OF CAREER, AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA

Hugh G. Appling	James A. May
Richard W. Carlson	John L. Murphy
Henry L. Coster	Joseph W. Neubert
William R. Duggan	John M. Perry
John M. Farrior	Harold C. Roser, Jr.
E. Allen Fidel	Sidney Sober
Richard E. Funkhouser	Edmund Owen Stillman
Harold G. Josif	George S. Vest
Abbott Judd	Elmer E. Yelton

RECONSTRUCTION FINANCE CORPORATION

TO BE A MEMBER, BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION, FOR THE UNEXPIRED TERM OF 2 YEARS FROM JANUARY 22, 1946

Harley Hise

FEDERAL COMMUNICATIONS COMMISSION

TO BE A MEMBER, FEDERAL COMMUNICATIONS COMMISSION, FOR A TERM OF 7 YEARS FROM JULY 1, 1947

Robert Franklin Jones

UNITED STATES ATTORNEYS

TO BE UNITED STATES ATTORNEY FOR THE NORTHERN DISTRICT OF TEXAS

Frank B. Potter

TO BE A UNITED STATES ATTORNEY FOR THE WESTERN DISTRICT OF TEXAS

Henry W. Moursund

IN THE ARMY

NATIONAL GUARD OF THE UNITED STATES, ARMY OF THE UNITED STATES

Maj. Gen. Kenneth Frank Cramer to be Chief of the National Guard Bureau, with the rank of major general, for a period of 4 years from date of acceptance.

IN THE NAVY

APPOINTMENTS IN THE NAVY

To be ensigns from June 6, 1947

David M. Arter	James C. Greenlees, Jr.
Douglas D. Decker	Sumner Gurney
Lawrence A. Ferrara, Jr.	George R. Hugman, Jr.
	William B. Keepin
John L. Gehrig	Homer G. Sanborn III
William W. Gentry	Charles I. Williams

To be assistant paymasters with rank of ensign from June 6, 1947

Jerry W. Bates	Donald R. Haines
Darrell N. Coba	Jack M. Park
Paul F. Griffith	Richard A. Sodowsky

To be assistant paymasters in the Navy with the rank of ensign

John D. Graziadei
John N. McCabe
Richard D. Willey

To be assistant civil engineers in the Navy with the rank of ensign

James L. Paulk	William C. Stookey
Eugene L. Pickett	Richard W. Trompeter

ADDITIONAL APPOINTMENTS IN THE NAVY

(NOTE.—*Indicates officers to be designated for EDO and SDO subsequent to acceptance of appointment.)

To be ensigns

*Beaudoin, Amedee J.	Peters, James C.
*Bodziak, Edmund J.	Popoff, Alec N.
*Gallup, Herbert H.	*Rura, Michael J.
Grimm, George J.	Vitostko, Joseph J.
Keen, Timothy J.	Wicks, William F.
Nagle, Millard H. Jr.	

To be assistant surgeons, Medical Corps, with the rank of lieutenant (junior grade)

Bates, Phillips L.	Lykins, Robert W.
Berman, Herbert R.	Montgomery, Robert H.
Garland, Charles M., Jr.	Mount, Houston F.
Holman, Bruce C.	Rhoades, Albert L.
Lonsdorf, Richard G.	Sherer, Bernard D.

To be assistant paymaster, Supply Corps, with the rank of lieutenant (junior grade)

Pabst, Avery A.

To be assistant paymasters, Supply Corps, with the rank of ensign

Frushtick, William J.	Howard, Garnett E.
Gallagher, Edward C.	Paquette, Martin W.
Galligan, Charles H., Jr.	Swan, Alfred W.
	Schaer, Frederick D.
Marx, James H.	Whitsell, John D.
Banks, Richard A.	Windsor, James M.

To be assistant civil engineer, Civil Engineer Corps, with the rank of lieutenant (junior grade)

Robinson, James B.

To be passed assistant dental surgeon, Dental Corps, with the rank of lieutenant

Fisher, Alton K.

To be assistant dental surgeons, Dental Corps, with the rank of lieutenant (junior grade)

Garton, William C.
Walsh, Eugene A.

To be chief pharmacist, with rank of commissioned warrant officer

Williams, Lindley

IN THE MARINE CORPS

To be second lieutenants from June 6, 1947

Ralph H. Blaylock
Michael M. Spark

POSTMASTERS

ALABAMA

William S. McArthur, Ashford.
Richard J. Ozley, Columbiana.
William D. Griffin, Covin.
James H. Pittman, Crane Hill.
William P. Gilbert, Geraldine.
Edward B. Grigg, Navco.
George W. Carroll, Ozark.
Matthew J. Semrick, St. Bernard.
Jesse C. Mitchell, Toney.
James H. Meadors, Tuskegee.

ALASKA

Ronald L. Gillis, Candle.
Retha M. Young, Haines.
Maurice L. Briggs, Kodiak.
Lilly V. Clark, Nenana.

ARIZONA

William L. Conger, Ashfork.
Louis F. Skubitz, Avondale.
William D. McKale, Emery Park.
Edith C. Ryan, Fort Huachuca.
Christine Atkins, Goodyear.
Wilfrid G. Humbert, St. Michaels.
Esther Eshelman, Wellton.

ARKANSAS

Elwin K. Hurley, Alpena Pass.
Clarence W. Chalfant, Augusta.
Tom C. Morris, Berryville.
Clarence N. Wood, Colt.
Dudley C. Humphry, Jr., Delight.
Clayton C. Smith, Hatfield.
Edith L. Roberts, Humphrey.
Dwight B. Witherspoon, Hunter.
F. Penn Kimbrough, New Edinburg.
Myrtle H. Dowell, Tuckerman.
Rubye I. Bostick, Vanndale.
George W. Henderson, Waldron.
Nannie Mae Smith, Winchester.

COLORADO

Agnes G. Smith, Branson.
Howard F. Wade, Cheraw.
Paul A. Lemke, Creede.
Floyd R. Duncan, Del Norte.
Robert L. May, Eckley.
Richard M. Teilborg, Fowler.
Genevieve B. Bragg, Gilman.
Frances L. Larrabee, Henderson.
John V. Twomey, Julesburg.
Raymond D. Woolley, Meeker.
William F. Luedke, Oak Creek.
Mabel C. White, Rangely.

FLORIDA

Hazen M. Benson, Bunnell.
Robert O. Seaver, Clermont.
Mattie Ferrell, Foley.
Louie C. Wadsworth, Live Oak.
Henry S. Thompson, Perry.
Clyde L. Hillhouse, White Springs.

GEORGIA

Calvin C. Ray, Arlington.
George A. Bowen, Chester.
Carrilee O. Sanders, Culloden.
James M. Lindsey, Jr., Danburg.
William C. Dalton, Desoto.
Miriam R. Boykin, Halcyon Dale.
J. Storey Ellington, Jefferson.
Velna P. Pittman, Meigs.
Myrtice T. Skinner, Midland.
Lena T. Woods, Newington.
Jeane B. Butler, Odum.
Jessie N. Hope, Pembroke.
Eda M. McDonell, Thunderbolt.
Sam D. Williams, Vidalia.
W. Cecil Crew, Whigham.

KENTUCKY

Harry Medlock, Annville,
Lynn R. Rich, Jr., Barlow.
Bonnye B. Davidson, Hardyville.
Earl J. Lovitt, Highsplint.
William S. T. Johnson, Lawrenceburg.
Mary R. Meredith, Mammoth Cave.
Denzil F. Stumbo, Martin.
Victor J. Kramer, Melbourne.
Hiter Q. Kennady, Munfordville.
Katie Lee Walker, Paint Lick.
Thomas M. Murray, Prospect.

LOUISIANA

Ernest B. Martin, Baldwin.
T. Oliver Thibodaux, Donaldsonville.
William O. Woodward, Dubach.
Newton H. Nelson, Forest Hill.
Clarfie J. Trosclair, Harvey.
Elmer Wyble, Sr., Port Barre.
Willie L. Hazlip, Water Proof.

MAINE

William B. French, Andover.
Robert M. Dolloff, Brooks.
Chandler S. Bunker, Franklin.
Emma L. Davis, Hampden.
Doretha C. Bridgham, Jonesboro.
Chester C. Tuttle, Kennebunk.
Ellis H. Parlin, Machias.
Donald N. Coombs, Stonington.
Mabelle F. Rose, Tenants Harbor.
Donald W. McIntire, Weld.
Frank Scott, Wilton.

MASSACHUSETTS

Arthur G. Dodge, Charlton.
Gertrude M. Fallon, North Chelmsford.
Francis A. Webb, Osterville.
Maxwell S. Gifford, Rochester.
Martha L. O'Toole, South Barre.
Albert O. Bullard, Jr., Sterling Junction.

HOUSE OF REPRESENTATIVES

FRIDAY, JULY 11, 1947

The House met at 11 o'clock a. m.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou God of all goodness, we are lifting our hearts unto Thee in prayer, compelled by many needs which Thou alone art able to supply.

When we think and plan for greater national prosperity and well-being, let us never forget that "righteousness exalteth a nation and that a nation is great whose God is the Lord."

Fill us with an earnest desire to make the struggle of life less difficult for all the members of the human family.

Kindle within us a keener sense of social responsibility. Help us to understand more clearly that the question, "Am I my brother's keeper?" must be answered conclusively in the affirmative.

Hear us for the sake of our blessed Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3993. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. YOUNG, Mr. BRIDGES, Mr. SALTONSTALL, Mr. DWORSHAK, Mr. OVERTON, Mr. TYDINGS, and Mr. GREEN to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 493) entitled "An act to amend section 4 of the act entitled 'An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia,' approved July 8, 1932 (sec. 22, 3204 D. C. Code, 1940 ed.)," disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KEM, Mr. COOPER, and Mr. HOLLAND to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. GRAHAM asked and was granted permission to extend his remarks in the RECORD and include an editorial from the Philadelphia Inquirer.

Mrs. ROGERS of Massachusetts asked and was granted permission to extend her remarks in the RECORD and include a letter from the commander of the American Legion, Col. Paul Griffiths.

Mr. REEVES asked and was granted permission to extend his remarks in the Appendix and include an editorial.

Mr. LEFEVRE asked and was granted permission to extend his remarks in the RECORD and include an article by Mark Sullivan.

THE HOUSING SHORTAGE

Mr. RABIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RABIN. Mr. Speaker, despite all of the talk that we have had since the end of the war about the housing shortage, that shortage is still with us.

It would serve no useful purpose to enter into a discussion as to why it has not been solved. The fact remains that it has not been solved.

I firmly believe that H. R. 285, which I introduced, offers a surgical remedy for the shortage rather than a protracted and uncertain cure. It proceeds on the theory that if we were at war today and if a war could be won merely by building houses, we would soon build our way out of the shortage. It, in effect, lends to private industry the war powers of the Government to help solve the critical housing situation.

However, I now wish to suggest an aid to construction which will be readily accepted, I believe, by all interested in housing—the builders, mortgage lending institutions and the real-estate fraternity generally, and the public.

I recommend that in order to stimulate building of apartment buildings of all classes, including low-cost, medium- and high-grade apartments, that Congress authorize deductions under section 124 of the Internal Revenue Code for excessive construction costs. These amortization deductions will be in a form similar to that allowed for amortization of emergency facilities over a period of 60 months, as set forth in that section of the code. I believe that the provision will give an incentive to builders and it will encourage them to start building operations at once.

It is hoped that building construction costs will come down, but to wait until that time will not solve the problem now when it needs to be solved. It is necessary to start building before costs come down, and to stimulate such immediate construction some beneficial tax provision should be adopted.

I propose to introduce a bill to accomplish this objective.

SOLUTION FOR THE HOUSING PROBLEM

Mr. LYNCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LYNCH. Mr. Speaker, I have listened with a great deal of interest to the remarks of my colleague the gentleman from New York [Mr. RABIN], suggesting a depreciation allowance for new housing construction over a 5-year period for income-tax purposes. The gentleman from New York [Mr. RABIN] is one of the best-qualified real-estate experts whom I know. For many years he was counsel and chairman of the New York State Mortgage Commission, which handled $900,000,000 of mortgages, 20,000 mortgage issues, and actually managed over 4,000 buildings, refinancing and renting those buildings. He introduced into the Congress H. R. 285 which, in my judgment, if enacted would go a long way toward solving our housing problem. I have filed a petition to discharge the Banking and Currency Committee from further consideration of this bill, and I would urge the Members to sign the petition.

Let me summarize briefly the main features of the bill.

It directs and authorizes the President of the United States, through such agencies as he may designate:

First, to commence the construction of housing facilities in any part of this country where necessary and essential for the public welfare;

Second, to requisition any material for the purpose of such construction;

Third, to condemn such sites and acquire such land as may be necessary for that program;

Fourth, to let out contracts to private industry on any basis the President may deem most expeditious; and

Lastly, upon the completion of any structure, to sell it to private ownership for the best price obtainable, reserving the right to manage until a sale is effectuated.

In short, this measure provides for immediate construction. It provides for all types of housing—low-cost housing, medium-cost housing, or even high-priced housing, depending upon the needs of any particular locality. It provides for either temporary or permanent housing. It bypasses all of the controversies indulged in by the conflicting schools of thought on housing. It cuts red tape. It makes time of the essence and, although we have already lost this year's building season, we may still recoup some of that loss by immediate action on this bill.

EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the Appendix of the RECORD on the subject of old-age security.

Mr. ROONEY asked and was given permission to extend his remarks in the Appendix of the RECORD, and to include a letter published in the Washington Evening Star.

Mr. GATHINGS asked and was given permission to extend his remarks in the Appendix of the RECORD and include three statements.

Mr. VURSELL asked and was given permission to extend his own remarks in the Appendix of the RECORD.

THE PRESIDENT AND THE TAX BILL

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. VURSELL. Mr. Speaker, the ill-advised statement by President Truman given out while the tax bill is being considered by the Senate that he would veto the bill, in effect, converts the office of the Presidency into a powerful lobby seeking to influence the actions of the Congress, the representatives of the people.

It is further evidence that he has broken his promise made to the people when he was humbled by the election returns in November, that he would cooperate with the Congress in carrying out the will of the people. And it is further evidence that he is being influenced by, and is lined up solidly with the CIO and the left-wingers who do not want the people to have relief from crushing wartime taxes.

If he is not rebuked by the Congress in passing this tax bill over his veto, he will be rebuked by the 49,000,000 taxpayers of the Nation when he seeks their support for the Presidency in 1948. All Presidents, from Washington down, have recognized in the past that under the Constitution it is the prerogative and duty of the Congress to devise and enact revenue legislation to carry on the functions of the Government.

President Truman is on dangerous ground when he attempts to thwart the will of the people expressed through their Representatives here in Washington. Such a veto strikes a dangerous blow at our form of representative constitutional Government.

REAL ECONOMY VERSUS IMAGINARY ECONOMY

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GATHINGS. Mr. Speaker, I want to talk about economy. Now, there are two kinds of economy here in Washington. There is imagined economy, whereby you save $1,000,000 this year, but next year you pay out two million. That is the brand of economy we have in chopping up the agriculture program. And, then, there is real economy. I am for real economy in government. I always have been. I believe a great saving can be effected for the American txapayer by reducing government personnel and by more efficient operation of Federal departments. But I do not believe in an economy which has as its purpose the destruction of a program that is essential to the American way of life, a program that has been of untold benefit, not only to the farmer but to the Nation as a whole.

Who among you does not remember the early years of the depression? The years when the farmer was down and out. And, what is more, the land itself was down and out. It was tired and worn. A good part of it was wasteland.

Today we see a different picture. We see the magnificent results of the farm program of the Democratic administration. We see restored and renewed farm lands. We see farmers who are more prosperous than before.

Today the economy-minded among us say, "Can't we cut a few million or so off the agriculture program? There's no need to spend all that money on the farmers." Yes; that is what they are saying.

And that is what they have done. Now, is that real economy? You and I know that it is just the opposite. It is imagined economy. It is reckless and it is short-sighted, to say the least.

Let us just look into one of the services of the farm program that the House voted to eliminate in 1948—the soil-conservation program. Back when thousands of acres of American farm lands were useless, the administration concentrated all its efforts toward restoring the land. The farmer was taught ways to keep the soil healthy and productive. New methods were introduced. The productive capacity of the land was increased many times. Now, we have not become so blessed in this Nation that we can afford to let a single acre of land go to waste. In these days, we never know when we may need every single productive acre that we have.

But economy is the order of the day—and so soil conservation was left out of the agriculture program for 1948.

What was their reason for doing this? Surely, they do not really believe that we should ever let the land run to wrack and ruin again. No; that was not their thought. Their thought was to make good some campaign promises—and in order to do this they had to cut down somewhere. So they decided that, since the farm areas were now fairly prosperous, a few million dollars cut out of the farm program, they argued, would not cause any great harm—and that is a perfect example of the reasoning behind their economy moves.

We from the farm districts were outnumbered. We fought to save all we could of the farm program. It was due to our efforts that instead of the six million asked for by the Republicans to continue agriculture research the bill now provides for nine million five hundred thousand. We also won out in our fight to restore $40,000,000 for section 32 funds. These funds will support the farm prices for 1947 farm commodities and assure the farmer 92½ percent parity for his cotton.

I voted to keep the farm program at full strength—soil conservation, rural electrification, school-lunch program, research for cotton, and all the rest—because I believe that today, more than ever before, a farsighted farm program is vitally important. It is as much a part of our defense in this unsettled world as any gun or shell or airplane—and any man who votes to cut a single cent from it is inviting disaster. In Europe and in the Far East there is hunger—and there is fear—fear of what tomorrow may bring. Communism stalks in the wake of fear and hunger. A hungry world looks to the United States for help and for inspiration—and we know that we must stand ready to give it to them, for, unless we do, we may find ourselves standing alone one of these days—an island in a sea of hostile nations—an island in a sea of communism. If we remain prosperous, if we avoid depression, if our democracy continues strong and healthy, we will hold the greatest weapon in the world against the spread of communism—and we will have nothing to fear.

The agriculture appropriation bill is now in the Senate and I am hopeful that that body will see fit to at least restore the funds for soil conservation. If this is done, I hope that the House will go along.

NAVY DEPARTMENT APPROPRIATION BILL, 1948

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent that the managers on the part of the House on the bill (H. R. 3493) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1948, and for other purposes, may have until midnight to file a conference report and statement.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE ESTABLISHMENT OF SEAT OF FEDERAL GOVERNMENT IN DISTRICT OF COLUMBIA

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up Senate Joint Resolution 129, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, etc., That, to provide for the appropriate commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia in the year 1800, there is hereby established a commission to be known as the National Capital Sesquicentennial Commission (hereinafter referred to as the "Commission") and to be composed of 15 commissioners, as follows: The President of the United States, who shall be ex officio chairman; the President pro tempore of the Senate and the Speaker of the House of Representatives, ex officio; three Senators to be appointed by the President pro tempore of the Senate and three

Representatives to be appointed by the Speaker of the House of Representatives; three residents of the District of Columbia to be appointed by the President after receiving the recommendations of the Board of Commissioners of the District of Columbia; and three prominent citizens resident in the District of Columbia at large to be appointed by the President. The commissioners, with the approval of the chairman, shall select an executive vice chairman from among their number.

SEC. 2. It shall be the duty of the commission, after promulgating to the American people an address relative to the reason of its creation and of its purpose, to prepare a plan or plans and a program for the signalizing the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia; to give due and proper consideration to any plan which may be submitted to it; to take such steps as may be necessary in the coordination and correlation of plans prepared by State commissions or by bodies created under appointment by the governors of the respective States and Territories or by representative civic bodies; and, if the participation of other nations in the commemoration be deemed advisable, to communicate with the governments of such nations.

SEC. 3. When the commission shall have approved of any plan of commemoration, then it shall submit such plan, insofar as it may relate to the fine arts, to the Commission of fine arts for its approval, and, insofar as it may relate to the plan of the National Capital and its history, to the National Capital Park and Planning Commission and the Board of Commissioners of the District of Columbia for their joint approval, and in accordance with statutory requirements.

SEC. 4. The commission, after selecting an executive vice chairman from among its members, may employ a director and a secretary and such other assistants as may be needed to organize and perform the necessary technical and clerical work connected with the commission's duties and may also engage the services of expert advisers without regard to civil-service laws and the Classification Act of 1923, as amended, and may fix their compensation within the amounts appropriated for such purposes.

SEC. 5. The commissioners shall receive no compensation for their services, but shall be paid actual and necessary traveling, hotel, and other expenses incurred in the discharge of their duties, out of the amounts appropriated therefor.

SEC. 6. The commission shall, on or before the 2d day of January 1948, make a report to the Congress, in order that further enabling legislation may be enacted.

SEC. 7. The commission shall expire December 31, 1952.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADDITIONAL COMPENSATION TO CERTAIN EMPLOYEES OF THE HOUSE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 281) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That effective July 1, 1947, there shall be paid out of the contingent fund of the House, until otherwise provided by law, additional compensation per annum, payable monthly, to certain employees of the House, so long as the positions are held by the present incumbents, as follows:

OFFICE OF THE DOORKEEPER

To the superintendent of the House Press Gallery the sum of $500 basic; first assistant to the superintendent of the House Press Gallery the sum of $400 basic; second assistant to the superintendent of the House Press Gallery the sum of $300 basic; messenger of the House Press Gallery the sum of $300 basic; superintendent of the folding room the sum of $520 basic; two chief pages the sum of $400 basic each; two assistant floor managers in charge of telephones the sum of $300 basic each.

CLERK OF THE HOUSE

To the enrolling clerk the sum of $800 basic; assistant reading clerk the sum of $1,000 basic.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ESTATE OF WILLIAM M. DAY

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 282) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there shall be paid out of the contingent fund of the House to the estate of William M. Day, late an employee of the House, an amount equal to 6 months' salary at the rate he was receiving at the time of his death, and an additional amount not to exceed $250 toward defraying the funeral expenses of the said William M. Day to Mrs. Ida R. Day, the first wife.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORITY GIVEN CLERK OF THE HOUSE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 283) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That during the period of any adjournment or recess of the House after the close of the first session of the Eightieth Congress until January 3, 1948, the Clerk of the House is authorized to pay out of the contingent fund of the House an amount equal to 6 months' salary of any deceased employee of the House at the rate such employee was receiving at the time of his or her death and an additional amount not to exceed $250 toward defraying the funeral expenses of any such employee to whomsoever in the judgment of the Clerk is justly entitled thereto subject to the approval of the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING CITY AND COUNTY OF HONOLULU TO ISSUE SEWER BONDS

Mr. FARRINGTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1419) to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue sewer bonds.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the Delegate from Hawaii?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Legislature of the Territory of Hawaii, any provision of the Hawaiian Organic Act or of any act of this Congress to the contrary notwithstanding, may authorize the city and county of Honolulu, a municipal corporation of the Territory of Hawaii, to issue general-obligation bonds in the sum of $5,000,000 for the purpose of enabling it to construct, maintain, and repair a sewerage system in the city of Honolulu.

SEC. 2. The bonds issued under authority of this act may be either term or serial bonds, maturing, in the case of term bonds, not later than thirty years from the date of issue thereof, and, in the case of serial bonds, payable in substantially equal annual installments, the first installment to mature not later than 5 years and the last installment to mature not later than 30 years from the date of such issue. Such bonds may be issued without the approval of the President of the United States.

SEC. 3. Act of the Session Laws of Hawaii, 1947, pertaining to the issuance of sewerage-system bonds, as authorized by this act, is hereby ratified and confirmed subject to the provisions of this act: *Provided, however,* That nothing herein contained shall be deemed to prohibit the amendment of such Territorial legislation by the Legislature of the Territory of Hawaii from time to time to provide for changes in the improvements authorized by such legislation and for the disposition of unexpended moneys realized from the sale of said bonds.

Mr. FARRINGTON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FARRINGTON:

Page 1, lines 8 and 9, after the word "construct", strike out the comma and the words "maintain, and repair."

Page 2, line 10, after the word "act", insert "9."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCESSIVE EARNINGS OF NATURAL-GAS COMPANIES UNDER THE RIZLEY BILL, H. R. 4051

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include some tables that I have prepared.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, it is unfortunate that H. R. 4051, known as the Rizley bill, should be hastily rammed through Congress at this time.

Under present regulations the natural-gas companies' earnings are skyrocketing. They are now engaged in tremendous expansion programs of their facilities which, in turn, will add immeasurably to their increased earnings.

This proposed bill removes all practical regulation and places the consumers at the mercy of the gas monopolies. A recent release of the Federal Power Commission shows that for the year ending April 30, 1947, the net incomes of natural-gas companies have increased over net earnings for the year ending April 1946 by 19.8 percent, while the gas operating revenues have increased during the same period by 13 percent. These net earnings and operating revenues are steadily advancing. A comparison between April 1947 and April 1946 discloses an increase in net incomes of natural-gas companies under the regulation of the Federal Power Commission of 58.2 percent.

As of January 3, 1947, the book cost, less depreciation and amortization reserves of these natural-gas companies aggregated approximately $1,292,000,000. Between January 1, 1947, and May 3, 1947, natural-gas companies applied to the Federal Power Commission for certificates for additional facilities totaling expenditures of $1,222,977,569—almost doubling their plant investments.

These figures show that the natural-gas companies are thriving under the Natural Gas Act, and investors are anxious to invest capital under this act as it is now written.

For example, Southern Natural Gas Co., which operates in my district, filed an application on May 1, 1947, with the Federal Power Commission to construct new facilities requiring an expenditure of $43,625,895. It must be remembered that the Federal Power Commission in March 1946 reduced this company's rates by $1,200,000—which they would recapture, plus an extra $3,000,000, if this bill should become law.

In my opinion the income of Southern Natural Gas Co. could be increased by the filing with the Federal Power Commission of increased rates based upon the application of the provisions of section 5½ (2) and (3 of this bill, to the total gas purchased. This may be brought about by Southern Natural Gas Co. purchasing its gas through its present subsidiary, Southern Production Co., or some other subsidiary which it might organize.

Under the provisions of this bill the prevailing market price in the field for gas purchased from a subsidiary or affiliate must be allowed in any rate proceeding.

Southern Natural is primarily a natural gas transmission company, which produced only 457,657,000 cubic feet of gas in 1946 out of its total receipts of 72,858,361,000 cubic feet or about six-tenths of 1 percent.

Southern Natural purchased 14,124,000,000 cubic feet of gas at the well mouth in Louisiana at an average of 3.84 cents per 1,000 cubic feet, and 8,684,285,000 cubic feet at the well mouth in Texas at an average of 3.47 cents per thousand cubic feet.

The average cost of gas at the mouth of the well, therefore, was 3.7 cents per thousand feet.

Assuming that Southern Natural elected to purchase its gas through its subsidiary, Southern Production Co., Inc., at a field price of 8 cents per 1,000 cubic feet the cost of gas purchased would increase 4.3 cents per 1,000 cubic feet for 72,858,000,000 cubic feet, or a total amount of $3,132,894.

Now, remember that gas is sold in the Monroe, La., field by producing gas companies such as Southern Carbon Co. and United Carbon Co. in excess of 8 cents per 1,000 cubic feet.

Since Southern Production is a 100-percent owned subsidiary, Southern Natural would receive the $3,132,894 as dividends available for its common stock. The present earnings on its common stock and the earnings that would be available under the proposed bill based upon the actual results of operations for the year ended December 31, 1946, would show an increase from 11.3 to 22.3 percent in rate of earnings available to the common stockholder:

Total capital stock and surplus	$28,293,789
Net income, 1946	$3,190,202
Actual rate of earnings available to common stockholder (percent)	11.3
Increase in net income permitted by proposed bill	$3,132,894
Net income on proposed regulatory basis	$6,323,096
Proposed rate of earnings available to common stockholder (percent)	22.3

The increased cost of gas purchased would be subject to Federal income tax because it is not actual cost which would be claimed as a tax deduction by either company.

Whether the increased income tax is a cost to be charged to rate payers or is to be borne by the stockholders cannot be determined from the provisions of the proposed bill. Undoubtedly the natural-gas companies would claim that they should be reimbursed for increased income taxes under the intent of the proposed bill, otherwise they would not receive full benefit of the field price.

Assuming that the utility prevailed in the contention that increased income taxes should be passed on to the ratepayers the required increase would be $3,132,894 divided by 62 percent, at the present 38 percent tax rate. The over-all increase would be $5,053,054 based upon the field price of 8 cents per 1,000 cubic feet, and the actual operations for the year 1946.

INCREASE OF 12.8 CENTS PER 1,000 CUBIC FEET TO GENERAL SERVICE CUSTOMERS

The over-all increase in cost of gas in the amount of $5,053,000 would apply to both resale and direct industrial sales in the ratio of 81.4 percent and 18.6 percent respectively.

The resale of gas constitutes the regulated business. Therefore, 81.4 percent of $5,053,000 or $4,113,142 would represent the increased revenue to be obtained from regulated customers in the three States served by Southern Natural. The break-down of sales and increased cost by States to the ultimate consumers in Mississippi, Georgia, and Alabama is as follows:

	1,000 cubic feet sales	Increased cost	Present gas rates per 1,000 cubic feet	New gas rates per 1,000 cubic feet
			Cents	*Cents*
Mississippi	5,029,313	$358,584	19.5	26.62
Georgia	36,613,181	2,606,858	18.1	25.22
Alabama	16,119,366	1,147,700	17.3	24.42
Total sales for resale	57,761,860	4,113,142		

The average cost of gas sold under this bill would increase 7.12 cents per 1,000 cubic feet because of gas lost in compressor stations, and so forth. However, sales for resale include both industrial and general service sales. For example, in Mississippi general service sales in 1946 amounted to 2,803,505,000 cubic feet out of the total sales for resale of 5,029,313,000 cubic feet.

If the rate increase were applied to general service customers and not to the industrials, as most likely would be the case, the cost of gas would increase 12.8 cents instead of 7.12 cents per 1,000 cubic feet.

INCREASE OF $56,000 TO TUPELO, MISS., GENERAL SERVICE CUSTOMERS

Tupelo, Miss., my home town, is the primary load on the Amory-Tupelo lateral line. In 1946 the gas sales to general service ratepayers on this lateral amounted to 437,430,000 cubic feet. The increase at 12.8 cents would amount to $56,000 annually at the 1946 level of sales.

Increase to other Mississippi communities served by Mississippi Gas Co.

	General service, sales, 1,000 cubic feet	Increase
Brooksville	10,730	$1,327
Columbus	257,388	32,946
Louisville	126,748	16,224
Macon	41,366	5,295
Meridian	799,105	102,285
Starkville	115,892	14,834
West Point	120,310	15,400
Total		188,311
Tupelo, Aberdeen, Amory, Nettleton		56,000
Total, Mississippi Gas Co.		244,311

The effect of this bill would be to foreclose future rate reductions and permit natural-gas companies to increase rates without effective regulation.

At the present time there is in the process of being distributed to consumers approximately $48,000,000 of impounded funds by the courts which was accumulated during litigation involving two rate orders of the Federal Power Commission as to the Panhandle Eastern Pipe Line Co. and Cities Service Gas Co. Natural gas transported by these companies is consumed in the State of Illinois,

Indiana, Ohio, Michigan, Missouri, Kansas, Nebraska, Oklahoma, and Texas.

If this bill had been in effect at the time of these rate proceedings, no reduction in rates and in turn no distribution of this money to the consumers would have been possible.

For the information of the House, I am inserting a summary of eight regulated natural-gas companies showing the increased earnings available for common stockholders and the increased revenues required from the regulated class of consumers.

The matter referred to follows:

Summary of 8 regulated natural-gas companies—computation showing increased rate of earnings available for equity capital and increased revenues required from regulated customers using 7-cent field price

Company	Common stock and surplus (1)	Net income available for equity capital (2)	Rate of actual earnings (percent) (3)	Increased "cost" of sales for resale assuming field price of 7 cents per 1,000 cubic feet (4)	Increased net income (5)	Rate of increased earnings (percent) (6)	Increased income tax at 38 percent (7)	Increased revenues required (8)	Type of company	Principal market
			(2)÷(1)		(2)+(4)	(5)÷(1)	(4)×0.6129	(4)+(7)		
Southern Natural Gas Co.	$28,293,789	$3,190,202	11.3	[1]$2,550,148	$5,740,350	20.3	$1,562,994	$4,113,142	Transmission	Mississippi, Alabama, Georgia.
Colorado Interstate Gas Co.	6,478,848	1,612,501	24.9	1,141,062	2,753,563	42.5	699,357	1,840,419	do	Denver, Cheyenne.
Panhandle Eastern Pipeline Co.	38,121,119	7,133,134	18.7	4,134,838	11,267,972	29.6	2,534,256	6,669,094	Transmission and production.	Detroit.
Texoma Natural Gas Co.	4,790,464	957,713	20.0	3,660,145	4,617,858	96.4	2,243,303	5,903,448	Production	Chicago.
Natural Gas Pipeline Co. of America.	23,200,857	2,556,301	11.0	3,445,046	6,001,347	25.9	2,111,469	5,556,515	Transmission	Do.
Subtotal, Chicago								11,459,963		
Cities Service Gas Co.	38,845,288	5,430,350	14.0	3,676,072	9,106,422	23.4	2,253,065	5,929,137	Transmission and production.	Kansas City.
Northern Natural Gas Co.	31,049,264	5,315,398	17.1	1,288,964	6,604,362	21.3	790,006	2,078,970	do	Nebraska, Iowa, Minnesota.
Tennessee Gas & Transmission Co.	22,101,372	3,448,655	15.6	1,883,048	5,331,703	24.1	1,154,120	3,037,168	Transmission	Ohio, Pennsylvania
Total								35,127,893		

[1] Computed at 8 cents per thousand cubic feet for gas purchased in the Monroe, La., gas field.

Mr. Speaker, this bill should be recommitted to the committee from which it came for further study and investigation.

How can a Member of this House support this measure and then go home and explain to his people why this unnecessary burden was added to the cost of natural gas to the ultimate consumers?

This bill should be recommitted, by all means.

COMMITTEE ON VETERANS' AFFAIRS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs be permitted to sit today during general debate.

Mr. RANKIN. Mr. Speaker, reserving the right to object, may I ask what bills will be taken up?

Mrs. ROGERS of Massachusetts. Subcommittee bills, I will say to the gentleman. The gentleman from Ohio [Mr. RAMEY] has certain bills for consideration in the subcommittee.

Mr. RANKIN. Is it going to be an executive session or open hearing?

Mrs. ROGERS of Massachusetts. I understand it will be an executive session.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

EXTENSION OF TITLE III OF SECOND WAR POWERS ACT

Mr. MICHENER. Mr. Speaker, I call up the conference report on the bill (H. R. 3647) to extend certain powers of the President under title III of the Second War Powers Act, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3647) to extend certain powers of the President under title III of the Second War Powers Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act shall be cited as the 'Second Decontrol Act of 1947.'

"FINDINGS OF FACT AND DECLARATION OF POLICY

"SEC. 2. (a) Certain materials and facilities continue in short supply at home and abroad as a result of the war. The continued exercise of certain limited emergency powers is required to complete the orderly reconversion of the domestic economy from a wartime to a peacetime basis, to protect the health, safety, and welfare of the American people, and to support the foreign policy of the United States.

"(b) The Congress hereby declares that it is the general policy of the United States to eliminate emergency wartime controls of materials except to the minimum extent necessary (1) to protect the domestic economy from the injury which would result from adverse distribution of materials which continue in short world supply; (2) to promote production in the United States by assisting in the expansion and maintenance of production in foreign countries of materials critically needed in the United States; (3) to make available to countries in need, consistent with the foreign policy of the United States, those commodities whose unrestricted export to all destinations would not be appropriate; and (4) to aid in carrying out the foreign policy of the United States.

"TEMPORARY RETENTION OF CERTAIN EMERGENCY POWERS

"SEC. 3. To effectuate the policies set forth in section 2 hereof, title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"'SEC. 1051. (a) Except as otherwise provided by statute enacted during the Eightieth Congress (including the First Decontrol Act of 1947 and Public Law Numbered 145, approved June 30, 1947) and except as otherwise provided by subsection (b) of this section, titles I, II, III, IV, V, VII, and XIV of this Act and the amendments to existing law made by such titles shall remain in force only until March 31, 1947. After the amendments made by any such title cease to be in force, any provisions of law amended thereby (except subsection (a) of section 2 of the Act entitled "An Act to expedite national defense, and for other purposes", approved June 28, 1940, as amended) shall be in full force and effect as though this Act had not been enacted.

"'(b) Title III of this Act and the amendments to existing law made by such title shall remain in force until February 29, 1948, for the exercise of the powers, authority, and discretion thereby conferred on the President, but limited to—

"'(1) the materials (and facilities suitable for the manufacture of such materials), as follows:

"'(A) Tin and tin products, except for the purpose of exercising import control of tin ores and tin concentrates;

"'(B) Antimony;

"'(C) Cinchona bark, quinine, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired;

"'(D) Materials for export required to expand or maintain the production in foreign countries of materials critically needed in the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for manufacture and delivery of the materials required for such export;

"'(E) Fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap powder, but excluding petroleum and petroleum products) and rice and rice products, for the purpose of exercising import control only; and nitrogenous fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export;

"'(F) Materials (except foods and food products, manila (abaca) fiber and cordage, agave fiber and cordage, and fertilizer materials), including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for the manufacture and delivery of the materials required for such export: *Provided*, That no such priority based on a certification by the Secretary of State shall be effective unless and until the Secretary of Commerce shall have satisfied himself that the proposed action will not have an unduly adverse effect on the domestic economy of the United States; and

"'(2) The use of transportation equipment and facilities by rail carriers.

"'(c) Notwithstanding the extension through February 29, 1948, made by subsection (b), the Congress by concurrent resolution or the President may designate an earlier time for the termination of any power, authority, or discretion under such title III. Nothing in subsection (b) shall be construed to continue beyond July 15, 1947, any authority under paragraph (1) of subsection (a) of section 2 of the Act entitled "An Act to expedite national defense and for other purposes", approved June 28, 1940, as amended, to negotiate contracts with or without advertising or competitive bidding; and nothing contained in this section, as amended, shall affect the authority conferred by Public Law 24, Eightieth Congress, approved March 29, 1947, or the Sugar Control Extension Act of 1947.'

"TEMPORARY EXTENSION OF CERTAIN EXPORT CONTROLS

"SEC. 4. To effectuate the policy set forth in section 2 hereof, section 6 (d) of the Act of July 2, 1940 (54 Stat. 714), as amended, is amended to read as follows:

"'(d) The authority granted by this section shall terminate on February 29, 1948, or any prior date which the Congress by concurrent resolution or the President may designate.'

"EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT

"SEC. 5. The functions exercised under title III of the Second War Powers Act, 1942, as amended (including the amendments to existing law made by such title), and the functions exercised under section 6 of such Act of July 2, 1940, as amended, shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of sections 3 and 10 thereof.

"ADMINISTRATION BY SECRETARY OF COMMERCE

"SEC. 6. (a) The Secretary of Commerce, subject to the direction of the President, shall have power to establish policies and programs to effectuate the general policies set forth in section 2 of this Act, and to exercise over-all control, with respect to the functions, powers, and duties delegated by the President under title III of the Second War Powers Act, 1942, as amended, and section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended. The Secretary is further authorized, subject to the direction of the President, to approve or disapprove any action taken under such delegated authority, and may promulgate such rules and regulations as may be necessary to enable him to perform the functions, powers, and duties imposed upon him by this section.

"(b) The Secretary shall make a quarterly report, within thirty days after each quarter, to the President and to the Congress of his operations under the authority conferred on him by this section. Each such report shall contain a recommendation by him as to whether the controls exercised under title III of the Second War Powers Act, 1942, as amended, and section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended, should or should not be continued, together with the current facts and reasons therefor. Each such report shall also contain detailed information with respect to licensing procedures under such Acts, allocations and priorities under the Second War Powers Act, 1942, as amended, and the allocation or nonallocation to countries of materials and commodities (together with the reasons therefor) under section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended.

"PERSONNEL

"SEC. 7. Notwithstanding any other law to the contrary, personnel engaged in the performance of duties related to functions, powers, and duties delegated by the President under the Second War Powers Act of 1942, as amended, and section 6 of the Act entitled 'An Act to expedite the strengthening of the national defense', approved July 2, 1940, as amended, and whose employment was terminated, or who were furloughed, in June or July 1947, may be reemployed to perform duties in connection with the functions, powers, and duties extended by this Act.

"APPROPRIATIONS

"SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this Act.

"EFFECTIVE DATE

"SEC. 9. This Act shall take effect on July 16, 1947."

And the Senate agree to the same.

Amend the title so as to read: "An Act to extend certain powers of the President under title III of the Second War Powers Act and the Export Control Act, and for other purposes."

EARL C. MICHENER,
RAYMOND S. SPRINGER,
FADJO CRAVENS,
Managers on the Part of the House.

ALEXANDER WILEY,
JOHN SHERMAN COOPER,
PAT MCCARRAN,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3647) to extend certain powers of the President under title III of the Second War Powers Act, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text of the bill strikes all of the House bill after the enacting clause. The committee of conference recommend that the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment which is a substitute for both the House bill and the Senate amendment, and that the Senate agree to the same.

The first section of the bill as agreed to in conference is the same as the first section of the Senate amendment. It provides that the act shall be cited as the "Second Decontrol Act of 1947."

Section 2 of the bill as agreed to in conference is the same as section 1 of the House bill except that there is added in subsection (b) an additional statement of policy contained in section 2 of the Senate amendment declaring that it is the general policy of the United States to eliminate emergency wartime controls of materials except to the minimum extent necessary to make available to countries in need, consistent with the foreign policy of the United States, those commodities whose unrestricted export to all destinations would not be appropriate.

Section 3 of the bill as agreed to in conference proposes to amend title XV, section 1501, of the Second War Powers Act, 1942, in the same manner as proposed by the House bill, except for typographical and clarifying changes, and the following:

(1) The House bill proposed to extend certain powers under title III of the Second War Powers Act through January 31, 1948. The Senate amendment proposed to extend certain powers under title III of the Second War Powers Act through June 30, 1948. The bill as agreed to in conference proposes to extend certain of those powers through February 29, 1948.

(2) The House bill contained a proviso providing that controls shall not apply to cinchona bark, quinine, and quinidine now held or hereafter acquired by other than Government agencies. Under the bill as agreed to in conference title III of the Second War Powers Act will remain in force through February 29, 1948, with respect to cinchona bark, quinine, and quinidine when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired.

(3) Under the bill as agreed to in conference title III of the Second War Powers Act would remain in force for the exercise of powers, authority, and discretion with respect to rice and rice products for the purpose of exercising import control only. This provision is the same as that contained in the Senate amendment. The House bill contained no such provision.

(4) The Senate amendment provided that title III of the Second War Powers Act shall remain in force through January 31, 1948, with respect to the use of transportation equipment and facilities by rail carriers. The House bill did not contain such provision. The bill as agreed to in conference provides that such title shall remain in force through February 29, 1948, with respect to the use of transportation equipment and facilities by rail carriers.

(5) The House bill provided that title III of the Second War Powers Act shall remain in force for the purpose of establishing priority in production and delivery for export of materials (except food and food products, rice and rice products, manila (abaca) fiber and cordage, agave fiber and cordage, and nitrogenous fertilizer materials), including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United

States. The bill as agreed to in conference contains provisions having the same legal effect as the House bill, except that the Secretary of State will not have authority to make certifications with respect to any fertilizer materials whether or not nitrogenous. Although the words "rice and rice products" have been omitted from the excepting clause, the Secretary of State under the bill as agreed to in conference will not have authority to make certifications with respect to such materials under subparagraph (F) since they are still excepted as "food and food products."

Under the bill as agreed to in conference the controls under title III of the Second War Powers Act in effect after March 31, 1947, through July 15, 1947, are those provided by the First Decontrol Act of 1947. After July 15, 1947, the controls in effect will be those provided by the bill as agreed to in conference.

Section 4 of the Senate amendment proposed to amend the so-called "Export Control Act," section 6 of the act of July 2, 1940, so as to terminate on June 30, 1948, the authority to prohibit or curtail the exportation of any articles, technical data, materials, or supplies. The House bill did not contain such a provision. The bill agreed to in conference is the same as the Senate amendment except that the authority will terminate on February 29, 1948.

Section 5 of the bill as agreed to in conference provides that the functions exercised under title III of the Second War Powers Act, and the functions under the Export Control Act, shall be excluded from the operation of the Administrative Procedure Act, except as to the requirements of sections 3 (relating to public information) and 10 (relating to judicial review). This provision is the same (except for a clarifying change) as the Senate amendment. The House bill, in the amendment to section 1501 of the Second War Powers Act, contained a similar provision in relation to title III of the Second War Powers Act except that the House provision did not refer to section 10 of the Administrative Procedure Act.

Sections 6 to 9, inclusive, of the bill as agreed to in conference are the same (except for clarifying changes) as sections 6 to 9 of the Senate amendment. The House bill had no comparable provisions.

Section 6 of the bill as agreed to in conference empowers the Secretary of Commerce, subject to the direction of the President, to establish policies and programs and to exercise over-all control with respect to the functions, powers, and duties delegated by the President under title III of the Second War Powers Act, as amended, and under the Export Control Act, as amended, and the Secretary is further authorized, subject to the direction of the President, to approve or disapprove any action taken under such delegated authority, and may promulgate such rules and regulations as may be necessary to enable him to perform the functions, powers, and duties imposed upon him by the new section 6. This section also requires the Secretary to make a quarterly report to the President and to Congress of his operations under the authority conferred upon him by this section. Each such report is required to contain a recommendation by him as to whether the controls exercised under title III of the Second War Powers Act and the Export Control Act should or should not be continued, together with the current facts and reasons therefor. Each such report is also required to contain detailed information with respect to licensing procedures under such acts, allocations and priorities under the Second War Powers Act and the allocation or nonallocation to countries of materials and commodities (together with the reasons therefor) under the Export Control Act.

Section 7 permits the reemployment of personnel engaged during June or July 1947 in the performance of duties related to the functions and powers extended by the bill, in order to maintain continuity in employment of approximately 225 experienced personnel, without which the administration of these functions would be jeopardized. Such authority to reemploy personnel is necessary because under existing law personnel having a war service or temporary status may not be readily reemployed after their services have been terminated because of the requirement of existing law that personnel with a permanent status must be given priority.

Section 8 authorizes an appropriation, out of any money in the Treasury not otherwise appropriated, of such sums as may be necessary to carry out the purposes of the act.

Section 9 provides that the act shall take effect on July 16, 1947.

The bill as agreed to in conference adopts the Senate amendment to the title of the bill.

EARL C. MICHENER,
RAYMOND S. SPRINGER,
FADJO CRAVENS,
Managers on the Part of the House.

Mr. MICHENER. Mr. Speaker, I yield 15 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, may I say that I will yield to my distinguished colleague the gentleman from Arkansas [Mr. CRAVENS] at the proper time.

Mr. Speaker, this is a conference report on the Second War Powers Act. The conference report was fully agreed upon by both the Senate and House conferees.

One of the matters in controversy was the question as to whether hard fiber and cordage should be retained in the bill. The conferees, after having heard all of the evidence and examined the hearings, determined that such controls over hard fiber and cordage are no longer necessary, and that provision was stricken from the bill.

I recall that when the bill was under consideration earlier the distinguished gentleman from Oklahoma [Mr. RIZLEY] raised a question about transportation equipment and facilities of rail carriers. That provision was incorporated in this bill, and that control is now exercised on transportation equipment and facilities by rail carriers, which will make it possible to secure the needed materials and supplies for the purpose of building new freight cars and new railroad cars, and for the purpose of making needed repairs, and also for allocating this equipment so the shipment of grain can be properly handled and taken care of. I think that question is entirely covered by this bill, as you will note on page 3 of the conference report.

On the question of cinchona bark, quinine, and quinidine, the allocation and control was limited to a stock pile which the Government might now have on hand, or which it might hereafter acquire. The hearings disclosed that 1,000,000 ounces of quinine have been discovered as surplus in the hands of the Army. That is coming into the possession of the Government quite soon. Of course, that particular quinine will be subject to allocation, and that which is in the Government stock pile, and which is subject to allocation in the hands of the Government is also subject to allocation down through the channels through which quinine will go. However, the industry has the power and the right to purchase cinchona bark, quinine, and quinidine on the open market without any control and without any allocation, and that which is purchased on the open market, and which is not subject to allocation under this bill, is not subject to any allocation as to those into whose hands it might finally fall and where it might eventually be used.

I think that covers practically everything upon that subject. The protection with reference to petroleum and petroleum products which was written into this measure in the House is carried forward in this measure by the conferees. I think that is a wholesome and effective provision for the protection of the people of this country with reference to petroleum and petroleum products. Too much of those commodities have been sent to Russia, and to foreign countries. The provision included in this report should be helpful to our people.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to my good friend.

Mr. AUGUST H. ANDRESEN. Does this conference report have any control over the export of grains or food?

Mr. SPRINGER. Under the Second War Powers Act, may I explain to my distinguished friend, the foods and food products are eliminated therefrom. But you will note on page 3 of the report the export controls are continued until March 1, 1948, and the Second War Powers Act is continued until that same date on the limited number of items which are embraced in the pending report of the conferees. The export controls are continued, as you will note from this conference report, until March 1, 1948. Those export controls are embraced in the Export Control Act, and that act is continued.

Mr. AUGUST H. ANDRESEN. Then, this conference report is more comprehensive than the bill which was passed by the House.

Mr. SPRINGER. The gentleman is entirely correct. It is much more comprehensive because it embraces not only the matters contained in the Second War Powers Act, but also embraces the extension of the export controls under the Export Control Act until March 1, 1948.

Mr. ANDERSON of California. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. ANDERSON of California. Do I understand then that the export controls are to be continued under the same administrative set-up that now exists?

Mr. SPRINGER. Under this conference report, as the gentleman will observe in section 6, on page 3, of the report, the administration is to be conducted by the Secretary of Commerce and he is made the responsible head in charge of the administration of the provisions of this law from this time on until it finally terminates.

Mr. ANDERSON of California. How does that change the present set-up for the administration of export controls?

Mr. SPRINGER. Under the present arrangement, each one of the departments are practically in control of their own controls, that is, the Department of Agriculture is controlling the exports of

agricultural commodities, and the Department of Commerce is controlling implements and machinery and so forth.

Mr. ANDERSON of California. Did the Department of Agriculture exercise control or did it not just recommend to the Office of International Trade in the Department of Commerce what items should be given export licenses?

Mr. SPRINGER. As we obtained the evidence in the hearings, that is all handled under an interdepartmental arrangement by which the Secretary of State would confer with the Secretary of Commerce or with the Secretary of Agriculture or whichever particular department of government controlled that particular commodity. Those departments would reach an agreement and then the allocations would be made in accordance therewith. But under this present conference report, the one now presented to the House, the Secretary of Commerce will have charge of the administration. He will be the responsible head and the responsible person.

Mr. ANDERSON of California. Was any consideration given by the conferees to the suggestion contained in the Senate bill for the setting up of an administrative agency outside of the Department of Commerce for the allocation of export licenses?

Mr. SPRINGER. That was not considered. In the original bill which was introduced in the Senate, it provided that a department head should be set up, and he should be granted the right to employ such departmental assistants as he might require. But they amended the bill in the Senate, and that portion of the bill was not presented to the conferees.

Mr. ANDERSON of California. I will say that my interest in this stems from the fact that some of the folks I represent are being kicked around under the present administration and find it extremely difficult to secure export licenses. I do not know whether the gentleman knows it or not, but there have been a series of black-market rackets built up under the present administration of the Export Control Act.

Mr. SPRINGER. May I say to the distinguished gentleman from California that according to my information there has been some confusion with respect to the issuance of licenses. But under this conference report, this bill if it is finally enacted into law, thus placing the responsibility in the hands of the Secretary of Commerce, I feel quite confident that such confusion will be very largely eliminated.

Mr. ANDERSON of California. I certainly hope so.

Mr. SPRINGER. The disturbances in issuing licenses was caused more by reason of the confusion which existed, very largely. It is hoped, under this bill, this confusion will be entirely eliminated.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Illinois.

Mr. MASON. The fact that it has been an interdepartmental matter and that one had to go to the other, and so forth, was the one thing that caused the confusion and the kicking around, as the gentleman from California has stated. Now, by placing it in one department, that ought to eliminate that confusion.

Mr. SPRINGER. In other words, it makes one department head entirely responsible. I think that confusion of the past will be largely eliminated in the future.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to my distinguished chairman.

Mr. MICHENER. The conference report places the responsibility in a single individual, without creating any new bureau with a lot of additional employees and expense.

Mr. SPRINGER. That is entirely correct.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. Yes, I yield to the gentleman from Pennsylvania.

Mr. WALTER. Does the conference report preserve the provisions with respect to judicial review?

Mr. SPRINGER. Yes. That is retained in the measure.

Mr. McGREGOR. Will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Ohio.

Mr. McGREGOR. Am I right in my supposition that foods and food products, manila (abaca) fiber and cordage, agave fiber and cordage, and fertilizer materials are no longer under the control program?

Mr. SPRINGER. The gentleman is entirely correct. Those articles are not under the control program, under the provisions of this report.

Mr. Speaker, I yield to the gentleman from Arkansas [Mr. CRAVENS].

Mr. CRAVENS. Mr. Speaker, the conferees are in entire agreement. The gentleman from Indiana has made a complete statement of the conference report. I have no requests for time.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. ANDERSON of California. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BROWN of Ohio. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 107]

Barden	Coudert	Heffernan
Bennett, Mich.	Courtney	Hendricks
Bland	Dawson, Ill.	Herter
Bloom	Dingell	Jenkins, Pa.
Bolton	Dorn	Jones, N. C.
Boykin	Fisher	Judd
Buckley	Fuller	Kee
Byrne, N. Y.	Gallagher	Kelley
Carroll	Gifford	Keogh
Celler	Gorski	Kersten, Wis.
Clark	Harless, Ariz.	McGarvey
Clements	Harness, Ind.	Macy
Cole, Mo.	Harrison	Mansfield, Tex.
Cole, N. Y.	Hartley	Monroney
Combs	Hébert	Nixon
Norblad	Robsion	Smith, Ohio
Pfeifer	Schwabe, Mo.	Vinson
Powell	Scoblick	Youngblood
Rayfiel	Scott, Hardie	
Rich	Smith, Kans.	

The SPEAKER. On this roll call, 367 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in four instances and to include newspaper articles.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD and include an article entitled "United States Marine Corps Faced With Possible Extinction if Merger Bill Is Enacted."

Mr. McDOWELL asked and was given permission to extend his remarks in the RECORD.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD and include an editorial written in 1860 in the Chicago Tribune.

Mr. HAND asked and was given permission to extend his remarks in the RECORD.

Mrs. NORTON asked and was given permission to extend her remarks in the RECORD and include a newspaper article.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD and include an editorial from the New York Times.

SUGAR ACT OF 1948

Mr. HOPE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4075) to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes.

The motion was agreed to.

Accordingly the Committee resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4075, with Mr. CUNNINGHAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Thursday, July 10, there was pending an amendment offered by the gentleman from Kansas [Mr. HOPE] and a substitute amendment offered by the gentleman from Wisconsin [Mr. MURRAY] for the Hope amendment.

Mr. MURRAY of Wisconsin. Mr. Chairman, I ask unanimous consent to withdraw the amendment that I offered on Thursday.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. HILL. Reserving the right to object, Mr. Chairman, I would like to

know if the gentleman is withdrawing the entire amendment.

Mr. MURRAY of Wisconsin. I wish to say that I asked unanimous consent to withdraw this amendment——

Mr. HILL. Well, reserving the right to object, I still want to know if you have another amendment that is worse than the one you offered the other day.

The CHAIRMAN. The Chair does not believe that is a proper question.

Is there objection to the request of the gentleman from Wisconsin that he be permitted to withdraw the substitute which was offered on Thursday, July 10, to the amendment offered by the gentleman from Kansas [Mr. HOPE]?

There was no objection.

Mr. MURRAY of Wisconsin. Mr. Chairman, I offer an amendment to the Hope amendment.

The CHAIRMAN. Is it an amendment or a substitute?

Mr. MURRAY of Wisconsin. It is a substitute for the Hope amendment. It is exactly like the present law.

The CHAIRMAN. The Clerk will report the substitute offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Wisconsin: On page 22, following line 3, insert a new subsection (c) to follow section 301, as follows:

"(c) (1) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,* That a payment which would be payable except for the foregoing provisions of this subparagraph may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.

"(2) That the producer on the farm who is also, directly or indirectly a processor of sugar beets or sugarcane, as may be determined by the Secretary, shall have paid, or contracted to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing."

The CHAIRMAN. The gentleman from Wisconsin is recognized.

Mr. MURRAY of Wisconsin. I shall not take the full 5 minutes for myself.

I will just repeat what I said yesterday, that this is nothing but what is included in the present law.

The reason I made the substitution this morning was to be sure that every word in the present law is included in this section. And to add the section to protect the producer. That is section 2, that has just been read. We then take care of the producer as well as the laborer as provided by the present law.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. GRANGER. I was unable to hear the gentleman's amendment. I think he should explain it.

Mr. MURRAY of Wisconsin. The amendment consists of the first two sections of the Hope amendment but leaves off the section which does something, nobody knows exactly what, to labor. This makes the first two sections the same as the present law.

Mr. GRANGER. The gentleman already has an amendment pending, has he not?

Mr. MURRAY of Wisconsin. I just withdrew that by unanimous consent.

Mr. GRANGER. This is a new amendment?

Mr. MURRAY of Wisconsin. This is a substitute for my substitute. And I might say to my colleagues that my distinguished Chairman consulted with me about this, and it is through him that I am able to present it in this amended form.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. AUGUST H. ANDRESEN. This calls for the Secretary to continue as a collection agency to see that the labor engaged in sugar production is paid. That is correct, is it not?

Mr. MURRAY of Wisconsin. This continues present law. Whatever the Secretary of Agriculture can do now he can continue to do if this amendment is adopted.

Mr. AUGUST H. ANDRESEN. It still continues that practice, then, where he acts as a collection agency to see that these people are paid.

Suppose some of these laborers should run up a bill with a merchant but do not pay the bill after they get their money. Would the gentleman have any objection to adding an amendment to the effect that before the Secretary paid out this money that these laborers should pay their bills?

Mr. MURRAY of Wisconsin. I may say to my distinguished colleague from Minnesota that so far as I am concerned the House will pass on the merits of his amendment if he wishes to offer an amendment. That surely is his privilege. I still like to believe we are getting back to representative government. Whether my endorsement would help or hurt the gentleman I do not know, so I suggest he offers an amendment if he has one.

Mr. DOMENGEAUX. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. DOMENGEAUX. As I understand the amendment offered by the gentleman it provides that subsection 301 (e), 301 (b), and 301 (d) of the 1937 Sugar Act shall be included in the pending bill. Those subsections provide for fair price determination and fair wage determination by the Secretary of Agriculture in a mandatory manner. Is that correct?

Mr. MURRAY of Wisconsin. This amendment is just the present law. If the present law does those things, then this amendment does those things, too.

Mr. DOMENGEAUX. The present law accomplishes that.

Mr. MURRAY of Wisconsin. Then this will do what the present law accomplishes.

Mr. DOMENGEAUX. Then the gentleman's amendment puts into the bill today that which is existing law.

Mr. MURRAY of Wisconsin. I took this matter up with the chairman of the committee and had his assurance that this should have been corrected That is the reason I offer it this morning.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. McCORMACK. Is there any objection to the gentleman's substitute including present law?

Mr. MURRAY of Wisconsin. No; not according to the chairman of the Agriculture Committee.

Mr. McCORMACK. If I understand the gentleman's substitute, the substitute attempts to put into this bill what has been part of the several bills that have been passed during the previous years.

Mr. MURRAY of Wisconsin. The gentleman is correct.

Mr. McCORMACK. In relation to fair wages, fair prices, and so forth; nothing else.

Mr. MURRAY of Wisconsin. No, sir.

Mr. McCORMACK. It was my understanding that that was to be offered as a committee amendment. Am I correct?

Mr. MURRAY of Wisconsin. It was, but the committee amendment got a little complicated. It contained certain phrases which were rather ambiguous and under which it was difficult to anticipate what would happen. It seemed to me therefore that the part of wisdom was to modify it as I have done.

I wish to ask my distinguished chairman if I have answered these questions correctly, that this amendment will leave the present law just as it is as far as the producer and the laborer are concerned.

Mr. HOPE. That is my understanding. The amendment which the gentleman has offered reenacts the present provisions of the law relating to the payment of fair wages and the payment of fair prices.

Mr. Chairman, I ask unanimous consent that all debate on the amendment offered by myself and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, I had an impression—an erroneous one I found out afterward when I came on the floor after being in committee for 2 hours yesterday afternoon—that the amendment offered by the gentleman from Kansas [Mr. HOPE] would put back into this bill the provision of the law that has existed since 1934. I subsequently found out that that was not so, and that the amendment offered by the gentleman from Wisconsin [Mr. MURRAY] would. I am supporting the Murray amendment.

My friend the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] says that he opposes the Murray amendment because it is the use of a governmental agency, in this case the Secretary of Agriculture, as a collection agency. Yet, as I understand, he has agreed to the committee amendment, and certainly if my understanding is correct—I may be wrong, but if I am incorrect, I would like to be corrected—the Hope amendment applies to those employed in the cane sections, and certainly it makes a collection agency for them if what the gentleman says about the collection agency is correct. So, it seems to me that the gentleman's basic objection is unsound, and that he find himself in an inconsistent position.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I do not think I am inconsistent in my position, because the committee amendment offered by the gentleman from Kansas does take care of those laborers in the areas where the processor is the one who handles the production.

Mr. McCORMACK. The gentleman admits that to that extent, if what he says is correct, it being a collection agency by an agency of the Government, that then the Hope amendment does that for some employees of the sugar industry, that is, the cane employees.

The thought I had is this, that this is a very sensitive bill. Those who have lived with it for years realize that it is based upon certain practical necessities. I might term this a bill based on expediency. There are many diverse interests, and every one in this House wants to see an over-all bill go through that is fair and satisfactory to all the interests involved, and yet protect the public, and there must be a give and take here and there. All of these factors have been considered in bygone years by the Members of the House coming from various sections of the country.

It seems to be in the interest of harmony and carrying out that sensitive understanding which has existed in bygone years that there should be reincorporated into this bill the language in relation to fair wages and fair pricing that has been in the law since 1934 and that has been extended from time to time. If that is done, then there is no difficulty to this bill's passing, but, if it is not, then that sensitive adjustment will have been disturbed, and I hope that will not happen.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, the situation as we now find it is as follows: The existing law has provisions protecting workers in both the cane- and the beet-sugar industry, protecting them in two respects. No benefits are to be paid to processors unless two conditions are fulfilled. One is that the worker has to be paid in full, and the other is that the worker has to be paid a fair and reasonable wage established by the Secretary of Agriculture.

This bill has come to us without that provision in it at all. Now the committee offers an amendment restoring those provisions, in effect, only for cane workers. The committee amendment does not restore the protection for beet-sugar workers. I cannot conceive of any reason, first, for having left this entire labor provision out of the bill, nor can I conceive of any reason for reinstating this provision for the protection of the cane workers only and not extending it to the beet workers. What is the distinction? Why was this provision to safeguard both the cane and beet workers left out of this bill from the very beginning? Who were the interests that insisted on the elimination of this safeguard for all sugar workers which has been in this law ever since we have had a Sugar Act?

I think Congress and the American people are entitled to an explanation. What is more, I believe it is ironic that at a time when Congress is discussing the question of an increase in minimum wages, advocated by the House leadership of the majority party as well as by the House leadership of the minority party, that in this session, when we are trying to lift the minimum wage, we remove from the Sugar Act the provision which guarantees "fair and reasonable" minimum wages for all sugar workers? Why is it that we are now asked to destroy the minimum-wage protection for the beet-sugar workers? Why was this minimum-wage protection for both cane and beet workers entirely eliminated when this bill was brought to the floor? Why are we asked now to refuse to protect the beet workers? Those are questions that raise a very serious suspicion in the minds of everyone with respect to the entire bill.

I do hope that the Murray amendment will be adopted as a substitute for the committee amendment. In that manner we will dispose of this wage question and return to a policy that Congress has followed from the first enactment of sugar legislation of giving some protection to workers in the sugar industry, both to the cane workers and the beet workers as well.

Mr. CRAWFORD. Mr. Chairman, apparently the producer who grows sugar beets and the processors who process the sugar beets, the State Department, the Department of Agriculture, and the Department of the Interior, by reason of their agreeing to the text of this bill as here proposed to be amended by the committee, have come to the conclusion insofar as those parties to the agreement are concerned, that the amendment offered by the gentleman from Kansas [Mr. HOPE] is satisfactory. This debate has brought into the discussion the other side of the equation, which is the general welfare, you might say, of the workers.

May I ask the gentleman from Wisconsin if his amendment provides present law language with respect to the prices which the factory pays to the grower for sugar beets?

Mr. MURRAY of Wisconsin. May I say to my distinguished colleague from Michigan that it does. It is an exact copy of the present law.

Mr. CRAWFORD. That is the point I wanted to bring out. Therefore, there is an equation which has not been mentioned so far in the debate on this amendment as I understand it. That is, that present law in lieu of the benefits paid to processors and growers provides that before these benefits can be obtained, the Secretary of Agriculture must agree to the price that is to be paid. Institutionally, outside of the realm of government control and government interference in private affairs and based on some 10 years or more of performance, the language in the present law has been accepted and we have gone along with it.

But coming back to my first observation and to my remarks of the other day to the effect that this bill puts into operation the agreement which was reached by the parties who sat around the table and agreed, you have to make up your mind whether you want to bring old law provisions into this proposal or leave them out with the modifications made by the gentleman from Kansas [Mr. HOPE]. So, it is a situation where I do not know how you can make up your minds. You certainly cannot go both ways so you must go one way or the other. If all parties agree on the so-called Hope amendment. Then you can thus substantially support the general agreement which the bill covers and supports.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. FLANNAGAN] for 4 minutes.

Mr. FLANNAGAN. Mr. Chairman, the so-called Murray amendment will take some of the viciousness out of this piece of legislation. It should be adopted. If the Murray amendment is left out, the producers and the laborers have no protection whatsoever and you will be turning the sugar industry from top to bottom over to the processors.

When the 1934 law was passed, due to the fact that we were subsidizing the sugar interests, we thought that some provision should be written in the law which would carry back a part of that subsidy, at least, to the producers and laborers who produced the sugarcane and the beets. That is the reason we wrote into law the amendment that Mr. Murray is now trying to preserve, namely, that the Secretary should see that fair prices are paid to the producers and that the Secretary should see that a fair wage was paid to the laboring people. That was right and it is right that we should adopt that kind of legislation. They say it was agreed that the producer-labor provision be left out of the bill. Oh, yes; I know the way it was agreed to. I know who was around the table when this bill was drawn up. I challenge any man on this floor to name a single laboring man who sat around that table. This is the only protection that was in the law which protected the rights of the laboring man. If you do not adopt the Murray amendment you are leaving the laboring man and the producer at the mercy of the processors.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. McCORMACK. As far as the various groups, representing the different interests and the general public, is concerned, through the years in this bill, which is very sensitive, that it means that that sensitiveness is disturbed and broken up.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. FLANNAGAN] has expired.

The gentleman from New Mexico [Mr. FERNANDEZ] is recognized for 4 minutes.

Mr. FERNANDEZ. Mr. Chairman, I offer an amendment to the amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FERNANDEZ to the committee amendment offered by Mr. HOPE: Strike out from subparagraph 3 of the amendment the following:

"(1) If producers in such area, who are also processors, produce in excess of 5 percent of the total production of sugar beets or sugarcane in such area, and also (ii)."

Mr. FERNANDEZ. Mr. Chairman, I am thoroughly in accord with the substitute offered by the gentleman from Wisconsin [Mr. MURRAY] and shall support it. However, if that substitute amendment is not agreeable, then I would like to have the amendment to the amendment adopted, for this reason:

The Murray substitute amendment substantially does, in effect, the very thing I am seeking by my amendment, but it goes further and strikes out all of paragraph 3 offered by the gentleman from Kansas [Mr. HOPE], which contains other provisions not necessary to be stricken in order to accomplish the purpose. My amendment does not go that far. It merely strikes out the language which deletes from the provisions of the law the wage benefits heretofore enjoyed by sugar beet labor.

Yesterday the gentleman from Colorado [Mr. CARROLL] asked the gentleman from Kansas [Mr. HOPE] this question:

Mr. CARROLL. Does not this amendment modify the present Jones-Costigan law in two respects: One, that it does not give the same coverage to the workers in the beet areas as did the original act?

Mr. HOPE. Yes; that is true. As drafted now it would not apply to any area where less than 5 percent of the beets or sugarcane was grown by processors. It is my understanding that less than 5 percent of the beets in the sugar-beet area in this country are grown by processors, so this amendment would not be applicable at the present time to the sugar-beet area of this country.

My amendment to the amendment merely strikes out the 29 or 30 words which eliminates areas where less than 5 percent of the beets or sugarcane are grown by processors, and which thereby exclude the beet workers. My State produces very little sugar beets, but it does furnish a great deal of the labor which goes into Colorado and other Northern States in the beet-production areas.

Unless the substitute amendment or my amendment to the amendment is adopted, I, coming from the State of New Mexico, which furnishes that labor, cannot possibly vote for the sugar bill. No reason has been advanced why this protection to our laboring men should be withdrawn. I hope that this amendment, or preferably the Murray amendment which will merely leave the present provisions of existing law in effect, will be adopted.

The CHAIRMAN. The time of the gentleman from New Mexico [Mr. FERNANDEZ] has expired.

The gentleman from Colorado [Mr. HILL] is recognized for 4 minutes.

Mr. HILL. Mr. Chairman, I agree with the gentleman from Massachusetts [Mr. McCORMACK] that this is a bill that requires considerable thinking. There is some real history behind this sugar legislation. I want to repeat there is not a single food product in this United States that has been handled with the dispatch and efficiency during the war years that sugar has. You are getting more food value for the sugar you use, more calories, shall I say, at the present price of sugar than any other single food product.

This bill comes to us this afternoon endorsed by the organization of the growers, the processors, and all the various segments of the sugar industry.

I wish to know whether this committee this afternoon would wish to bring in changes that have not been discussed by our Committee on Agriculture and take us off on a tangent? Let me ask a question: What about the other agricultural products that are paid subsidies? Are you writing into that legislation minimum wages and guaranteed wages? What about potatoes? Many small children, younger children, are used to pick potatoes in the harvest season. No one has mentioned that. How about the dairy industry?

If you are going to write this kind of legislation on the floor of the House, write into it all these regulations for labor, then I ask you if you should not do so in every piece of legislation that comes in here touching subsidies. That is the question the House must decide.

The amendment offered by our chairman, the gentleman from Kansas [Mr. HOPE] is perfectly broad enough and written carefully enough by the assistants of the staff of our Committee on Agriculture to protect our beet laborers.

I come from the beet-producing area in the State of Colorado. We have compulsory school laws. Boys and girls must go to school. Even if they come up from the State of my good friend from New Mexico, they still must go to school in our communities. We are not using children in our beet industry.

Another thing, we are getting pretty well mechanized in the beet-sugar industry. I wish I had time to tell you about the great machines that have been developed. We are working as rapidly as we can to get the entire beet-sugar industry mechanized. The testimony before our committee was that within 7 years that will be accomplished; we may have the beet-sugar industry completely and wholly mechanized within that period. Then what is the use of these regulations? Such things should not be written into this legislation.

I hope the amendment offered by the gentleman from Wisconsin will be voted down and that he will support the amendment offered by the gentleman from Kansas [Mr. HOPE].

The CHAIRMAN. The time of the gentleman from Colorado has expired.

The Delegate from Hawaii [Mr. FARRINGTON] is recognized for 4 minutes.

Mr. FARRINGTON. Mr. Chairman, I move to strike out the last word.

The adoption of this bill with the amendments providing that the payment of fair and reasonable wages shall continue to be one of the conditions for qualifying for compliance payments under the law seems to me to offer the best possible solution now of the problem presented by the expiration on December 31 of this year of the Sugar Act of 1937.

The amendment offered by the committee as well as the substitute offered by the gentleman from Wisconsin cover the workers in the cane sugar-producing areas into the provisions of the law. The differences between the committee amendment and that offered by the gentleman from Wisconsin relate only to conditions in the beet sugar-producing areas about which I will not presume to comment.

I do want to say here, as I have said to members of the committee, that I believe the perpetuation of this principle that has always been a part of this law is wise from every standpoint and lends considerable strength to the measure.

The Territory of Hawaii, as members of the committee fully realize, is one of the principal sugar-producing areas of the United States.

The production of sugar constitutes the basic industry of the Territory and has for almost three-quarters of a century. It is the principal source of income and employment of the islands.

I believe those members of the committee who are familiar with the Hawaiian sugar industry will agree that it has reached a point of development scientifically and industrially that is in the best traditions of free American enterprise.

The growth and perpetuation of this industry however is dependent upon some form of protection from the competition of sugar-producing areas in foreign countries where the standard of wages is far below that of the American sugar producers.

Under the conditions that confront the industry at the present time, the continuation of the Sugar Act of 1937 with the modifications contained in this bill for another 5 years seem to me to meet all of the requirements not only of the industry but of the consuming public in the best way possible under the circumstances which now confront us.

In terms of the Hawaiian sugar industry, 5 years is a very brief period. The production of a single crop of sugar in Hawaii normally requires 18 months. This means that 5 years involves only three crops.

It will require this period for conditions in world production to clarify to the point where sufficient information will be available for the development of a long-range policy.

The price of sugar has remained under control probably longer than that of any other product so that the additional time required in meeting this problem is not out of keeping with what has been done in the past.

The quota assigned to Hawaii under the bill will make possible expansion of production such as can be achieved through the introduction of new varieties of cane and other scientific advances. The prospects for such an increase at the present time are very promising.

The bill perpetuates the limitation of the original act on the shipment of refined sugar from Hawaii to the mainland. We of Hawaii have not altered our belief that this provision is discriminatory and unfair, but, other than recording our position, do not undertake to challenge this feature of the law any further at the present time, other than to express the belief that the principle is wrong.

The practical fact of the matter is that there is no immediate prospect that the amount of sugar refined within Hawaii itself is likely to be increased in the near future, although the time may come whereby the introduction of new processes may change this situation.

I think it should be noted that this is offered as a temporary measure.

I should like particularly to call attention to the statement contained in the report of the committee that the committee believes that it should be made abundantly clear that the distribution of the American sugar market among the producers of the United States and foreign countries and the provision for the establishment of quotas for the ensuing 5 years on the basis provided for in this bill is not intended to establish, and should not be construed as establishing, a permanent production and distribution pattern nor as waiving American producers' rights to such portions of the American market as they can supply at the conclusion of the 5-year period covered by the bill.

On the contrary, the committee said it should be emphasized that this bill is designed to meet the problems of the temporary postwar transition period and is not to be regarded as the establishment of long-time national sugar policy.

I believe that the committee has shown that there is a sound basis for the changes in the law that have been proposed, and I hope, therefore, that favorable action will be taken on the measure with the inclusion of the amendment for safeguarding the rights of labor.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, the Committee on Agriculture gave very careful consideration to this provision relating to wages. We had before us during the hearings representatives from three labor organizations: Mr. Robert K. Lamb, representing the national CIO; Mr. William Glazier, Washington representative, International Longshoremen's and Warehousemen's Union, CIO; Mrs. Elizabeth Sasuly, Washington representative of the Food, Tobacco, Agricultural, and Allied Workers' Union, CIO.

We gave careful attention to the statements made by those representatives of labor. The feeling of the committee on this question is about like this: We do not believe that the farmers of this country are dishonest; we do not believe that they are in the habit of beating their bills and not paying laborers the money due them. We think they pay fair wages in the sections of the country with which the members of the committee are familiar, and we are familiar with all sections of the country because the members of the committee come from all sections. We do not in the case of any other agricultural commodity where we are paying a subsidy to producers demand that before the producer can receive his payment he must show that he has paid his help or that he has paid certain wage rates determined by the Secretary of Agriculture—determined by the Secretary of Agriculture to be fair and just. I know of no good reason why there should be an exception made as to sugar farmers because I think they are just as honest as the farmers that grow any other commodity. I do not believe that the raising of sugar beets or sugarcane automatically makes a farmer dishonest.

With that thought in mind the committee felt there was no reason for including these wage provisions. However, it was represented to the committee that in those sections where there is a surplus of labor that this type of legislation was needed. So, yielding to the urging of the gentlemen from Louisiana [Mr. DOMENGEAUX and Mr. BOGGS], and the Delegate from Puerto Rico, Dr. FERNÓS-ISERN, the committee adopted the amendment which is now before you and which does take care of this situation in the cane-growing areas. In the beet-growing areas we do not have that situation. There is no surplus of labor. On the other hand, there is keen competition for labor in other agricultural industries beside sugar beet production. No one appeared from the sugar beet areas of the country and asked that the laborers in the sugar beet fields be included in this provision. For that reason the committee adopted the amendment offered by me as a committee amendment. We believe it takes care of the situation. The amendment offered by the gentleman from Wisconsin is not needed and should be voted down.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New Mexico [Mr. FERNANDEZ] to the amendment offered by the gentleman from Kansas [Mr. HOPE].

The amendment was rejected.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Wisconsin [Mr. MURRAY] for the amendment offered by the gentleman from Kansas [Mr. HOPE].

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 63, noes 64.

Mr. MURRAY of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HOPE and Mr. MURRAY of Wisconsin.

The Committee again divided; and the tellers reported that there were—ayes 96, noes 80.

So the substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOPE] as amended.

The amendment was agreed to.

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: On page 30, line 6, strike out "individuals or associations" and insert in lieu thereof "persons."

The amendment was agreed to.

Mr. FLANNAGAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLANNAGAN: On page 15, line 21, strike out all of section 206.

Mr. FLANNAGAN. Mr. Chairman, I have offered this amendment in order to obtain the floor to ask the gentleman from Louisiana [Mr. DOMENGEAUX] some questions. I do this in order to clear up the record.

I made certain charges yesterday against Mr. Earl Wilson. Later in the evening the gentleman from Louisiana made the statement that Mr. Wilson, who was vice president of the National Sugar Co., of New York, in 1943 became connected with the Commodity Credit Corporation for the purpose of helping to move the Cuban crop, and that at the time Mr. Wilson became connected with the Government that he was paid a salary of $1 a year, and, of course, his salary with the National Sugar Co. continued; and that in August 1945 Mr. Wilson became head of the sugar branch of the Department of Agriculture, and at that time severed his financial interest, and so forth.

I understand the gentleman means to say that from the time Mr. Wilson entered the employment of the Government in 1943 until he became the head of the Sugar Branch of the Department in August 1945, he did not draw a Government salary but did continue to draw his salary as vice president?

Mr. DOMENGEAUX. That is correct, as I understand it.

Mr. FLANNAGAN. This morning in order to recheck my figures I took the matter up again and I want to report to the House that the record of the Department does not square with that statement. Mr. Wilson was employed by the WPB on July 8, 1942, at $1 per annum. He was transferred to Agriculture under Executive Order 9280 on January 8, 1943, as collaborator without compensation in the War Food Administration. On February 5, 1943, he was appointed as special representative of the Commodity Credit Corporation, Office of the President, at a salary of $7,000 per year. Note that this is prior to August 1945. On December 29, 1943, he was appointed Director of the Sugar Division of the Commodity Credit Corporation at a salary of $7,000 per year.

I just wanted to make the record plain so that it would show the true facts.

Mr. DOMENGEAUX. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. DOMENGEAUX. It may very well be that August 1945 was the date in which he severed his relations and no

longer received a salary from the National Sugar Co. during the period of time in which he was in the employ of the Government.

But I do want to make this statement again because I believe it is absolutely true, based on the facts that have come to me. Mr. Wilson did not receive a salary from the Government and a salary from the National Sugar Co. at the same time; after that date when he was appointed head of the Sugar Branch. His salary with the National Sugar Co. ceased when he assumed his new position which included the administration of the Sugar Act. I believe those are the facts.

Mr. FLANNAGAN. Well, the gentleman stated on yesterday that the fact was that he did not receive a salary until August 1945, and the records of the Department which I rechecked this morning prove otherwise.

I want to call the attention of the House to another significant fact. Mr. Earl Wilson is still connected with the Department of Agriculture as a consultant on sugar matters. He is in the employment of the Department to this good day.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DOMENGEAUX. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia may proceed for two additional minutes. I think this matter should be clarified.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. DOMENGEAUX. Mr. Chairman, will the gentleman yield? The gentleman is making a very serious charge.

Mr. FLANNAGAN. I am not going to enter into a useless discussion. If you will get the facts here under the signature and affidavit of Mr. Wilson or the president of this sugar company as to when they stopped paying him a salary, then I will talk with the gentleman.

Mr. DOMENGEAUX. Will the gentleman yield for one question? You are making these charges. Has the gentleman any facts? Has he anything to establish that Mr. Wilson received a salary from the National Sugar Co. after he became administrator of the Sugar Act?

Mr. FLANNAGAN. That is exactly the charge I made yesterday.

Mr. DOMENGEAUX. Have you any facts to substantiate that charge?

Mr. FLANNAGAN. I put the facts in the RECORD. If you want to deny them, come here with an affidavit.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. FLANNAGAN. Mr. Chairman, I withdraw my amendment.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. EDWIN ARTHUR HALL: On page 31, line 4, strike out "1952", and insert "1949."

Mr. EDWIN ARTHUR HALL. Mr. Chairman, whatever may be the disposition of the House on this particular piece of legislation today, there can certainly be no harm in shortening the length of time that it is to be in effect. If a bill which becomes a law cannot be carried out and administered properly in 2½ years—and that is the length of time this amendment gives to this bill—it ought never to have been passed by the Congress.

I say to the House that it is futile to pass a bill that will continue for 5 years, because a great many changes may take place in the next year or two. Who knows? We may have an entirely different administration. I, for one, want to see some sort of a bill passed which will be administered properly in a reasonable length of time.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield.

Mr. HOPE. The gentleman understands, of course, that Congress will be in session during the next 5 years.

Mr. EDWIN ARTHUR HALL. All the more reason why we do not need such a long period for the law to be in effect. Congress can continue it as soon as the law expires, and if it is a good law there will be no hesitancy on anyone's part to do so. I feel that 2½ years is long enough for any law to be in effect, and if the Congress wants to continue it at the end of that time, it certainly can do it. A great many changes may come about.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman, who is also a distinguished member of the Committee on Agriculture and is fully acquainted with this legislation, as he is with all legislation that comes before the Congress, knows that any committee of Congress in any Congress can review or modify or amend any piece of legislation; and does not the gentleman concede that within the next 2 years, if this legislation is not feasible, he or those in the House can amend it?

Mr. EDWIN ARTHUR HALL. Yes; and by the same token, if we want to continue this act after 1949, we can do it. I repeat, a great many changes may take place.

The sugar situation is becoming more obnoxious and more annoying to the country in general as time goes on. Personally, I have heard a great many comments on this side of the aisle about the regulation of sugar. Many Members have told me privately that they are pretty sore about seeing legislation brought in that will continue the stringent regulations on this entire sugar program.

As far as the American public is concerned, there were many Members of Congress who came up for reelection last year who had a hard job getting by the electors as a result of the embarrassing light they were placed in by these tinhorn dictators that hold sway in some of the various departments and bureaus of our Government.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I am sorry; I do not have time to yield.

The sugar situation, while it may seem picayune to some, has become a major issue in the minds of the people back home. They are angry about the bungling they have seen. They are also sore about any continuation of the regulations that have impeded the purchase of sugar. I think it is time this Congress woke up to the fact that the American people like a high standard of living. They like to have a fair amount of sugar. The housewife should have it for use in the home, and she has been deprived of sugar for the past few years. The war is over. The sky should be the limit as far as sugar production goes, and with the demands that we are going to have, not only in our domestic consumption but from foreign countries, the sugar producers and growers in this country ought to be encouraged to do everything they can to produce a bumper crop, so that we can have all the sugar we want, and so that the people throughout the world, who depend upon American supplies, will have all the sugar that they need and want.

The time has come for us to take the bull by the horns and to insist that no legislation that comes from this House be continued for an unreasonable length of time. I believe that 2½ years are sufficient. I believe the Members of this House are intelligent enough to continue the law when it expires, if necessary, and to pass any legislation that may be needed at the end of 2½ years.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Kansas is recognized for 5 minutes.

Mr. HOPE. Mr. Chairman, this particular amendment strikes at the heart of this bill.

The gentleman from New York says that he wants us to produce a lot of sugar in this country so we can export it and take care of the demands of the world. If he knew anything about the sugar situation in this country, he would know, of course, that we have never exported sugar from this country. We have been, we are, and we always will be, an importing nation so far as sugar is concerned. So that question is not involved at all in this legislation.

There are two particular provisions in this bill which I believe it is vital to retain, because they are the basis upon which an agreement has been had by the various producing areas and by the Department of Agriculture, the Department of the Interior, and the State Department. One of those is the provision for 5 years. This particular period is desired and insisted upon by all of the producing areas because it is felt that it will take that long to determine whether or not this type of legislation is what we want, and to work out our postwar sugar supply and demand situation.

The gentleman from New York suggests that, if we cannot find out in two and a half years if this type of legislation is what we want, that there is no use trying. It is quite possible that we may not even put this legislation into effect for 1 or 2 years. It is altogether likely that

quotas will be suspended for next year and possibly for the following year. So if we terminate this legislation at the time suggested by the gentleman from New York, we may never gain any experience under it. I trust, therefore, that those of you who are interested in sugar legislation and in the stabilization of this industry will vote down the amendment, because if it is adopted, it will utterly destroy the purpose and intent of this legislation.

Mr. Chairman, at this point I desire to make a statement explanatory of the definitions contained in title I of the bill. Title I contains all the definitions applicable to the entire bill except title V. Title V contains proposed amendments to the provisions of the Internal Revenue Code relating to taxes on sugar, and separate definitions for tax purposes are found in the Internal Revenue Code.

Definitions contained in title I are exactly the same as the definitions contained in title I of the Sugar Act of 1937 except for a slight change in the definition of "liquid sugar."

The definition of "liquid sugar" is found in subsection (f) of section 101 of title I. In the present law "liquid sugar" means "any sugars—exclusive of sirup of cane juice produced from sugarcane grown in continental United States—which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids—excluding any foreign substances that may have been added—equal to 6 percent or less of the total soluble solids." The definition is changed by the bill so that the second parenthetical clause in the definition would read "excluding any foreign substances that may have been added or developed in the product." The definition as changed will not bring within its terms any new or different type of sugar product. The purpose is to include certain sugars which properly belong within the definition but which have not been covered by the definition because there has been artificially developed in the product additional soluble nonsugar solids sufficient to make the total soluble solids of the product in excess of 6 percent.

The committee considered several suggestions for changes in the definition of "producer" but concluded, after going into the problems involved, particularly with respect to the manner in which payments are now being made to producers in Hawaii, that the definition in the existing law is adequate and enables the Secretary as in the past to deal adequately with the circumstances peculiar to the particular areas. After discussing the matter at considerable length with representatives of the Department of Agriculture, the committee saw no compelling reason why the definition of "producer" as found in subsection (k) of section 101 should be changed since the committee could not question the legality of the administrative interpretations of the definition of "producer" which the Secretary of Agriculture has made in the past in administering the act in the several areas.

Mr. FLANNAGAN. Mr. Chairman, I desire to be recognized on the amendment.

The CHAIRMAN. The gentleman from Virginia is recognized for 5 minutes.

Mr. FLANNAGAN. Mr. Chairman, I agree with the gentleman from Kansas that in all probability the adoption of this amendment will render invalid this piece of legislation, because in all likelihood we will have to continue sugar quotas for the next 2 or 3 years which would render this bill inoperative in that its provisions would never go into effect.

I think the adoption of this amendment will be a Godsend to the American housewives, because in effect it will kill this bill.

Just let me tell you a few things about this bill. No one in this country ever heard about tying the price of sugar or any other commodity to the cost of living index until someone, I do not know who, conceived that idea down in Cuba in July 1946 when this Government entered into a contract for a 2-year period buying the entire Cuban crop. For some strange reason that provision was written into the Cuban contract, the same provision they are trying to enact into the basic sugar law.

What happened to sugar? That Cuban contract was entered into in July 1946. Of course, the Secretary should give the American processors the same treatment, and he did, after they established that formula, but he had no right to establish that formula, in the first place, in my opinion. But what happened? When the Cuban contract was entered into sugar was $6.10. In September 1946 the Secretary boosted the price to $7.60. He boosted it again on November 20, 1946, to $8; on January 18, 1947, to $8.20; on March 30, 1947, to $8.25; and he did that because he was carrying out that provision or that yardstick he had written into the Cuban contract as the yardstick by which the price of sugar should be measured. That is what has happened.

Of course, the sugar trust wants that perpetuated, of course they want that provision written into the basic law so the Secretary of Agriculture will be hogtied and compelled to raise the cost of sugar from time to time. That is what they are fighting for. They are interested in but one section in this bill and that is section 201 in which they adopt the same formula that was written into the Cuban contract.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I yield to the gentleman from Pennsylvania.

Mr. GROSS. Why did not the gentleman raise that opposition in committee?

Mr. FLANNAGAN. I had a mighty good reason. I did not know anything about it. I knew no more about it than the gentleman from Pennsylvania, and I am not criticizing the gentleman from Pennsylvania for not knowing anything about it in committee, because he did not have the opportunity of acquainting himself with it. We did not have the bill before us until we went into session to begin the hearings.

Mr. GROSS. Did the gentleman vote for the bill?

Mr. FLANNAGAN. I voted against the bill.

Mr. GROSS. The gentleman did not vote against reporting the bill out did he?

Mr. FLANNAGAN. I served notice on the chairman at that time that I could not support this legislation. No one in the committee had an opportunity to go into the provisions of this bill and study the effect it was going to have on the consuming public. No one was given that opportunity. This legislation has been rushed, rushed, rushed.

Mr. GROSS. The gentleman knows the committee had this bill before it so many days the members were tired of it and it was reported out because they were tired of it; yet the gentleman says nobody had a chance.

Mr. FLANNAGAN. The gentleman evidently is mistaken; evidently he did not attend the committee meetings. We had only three hearings on the bill, that is all, and no one had an opportunity to familiarize himself with the bill before those hearings were over.

Mr. GRANGER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York. Mr. Chairman, the gentleman from Kansas [Mr. HOPE] has stated the proposition correctly when he said it was anticipated that it will be 3 years before this bill can be tested and that it will take time before it will point the way to what we might want to do with sugar legislation in the future. Even if all the extravagant charges the gentleman from Virginia [Mr. FLANNAGAN] makes were true, it would still remain as the gentleman from Colorado [Mr. HILL] said on yesterday. This is a part of our agricultural economy that is controlled. No matter what the Sugar Trust would attempt to do after this legislation is passed, you have sufficient safeguards, because the formula and the weight that is put upon the formula is applied by the Secretary of Agriculture, and he is the individual who will have a lot to say about what the price of sugar will be.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I think there has been misunderstanding about the power of the Secretary to fix the price of sugar. He does not do that. He can fix a quota on the amount of sugar that may be sold in this country in interstate commerce.

Mr. GRANGER. That is true.

Mr. AUGUST H. ANDRESEN. But he does not fix any price on sugar.

Mr. GRANGER. Only as it is fixed indirectly by quotas, I agree with him.

I hope this amendment will be defeated and any motion offered to recommit, because this legislation, I am willing to admit, is an intricate piece of legislation. I do not know all, perhaps, that is in it, but I certainly know the new language that has been added. Most of the language that was left out has been restored by action of the committee, and the only thing that is left is this section

the gentleman from Virginia [Mr. FLANNAGAN] is talking about. It is plain. It is understandable, and while I cannot say what effect it will have, neither can he, because those who have prepared the legislation or had much to do with it down at the Department of Agriculture, say that it is impossible to tell without trial and error whether or not this formula would even raise the price of sugar. It might well lower it.

So, I hope by all these complaints and amendments that have been brought in, that we are not going to be carried off our feet by approving the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL], who spent very little time in the committee, as I remember, when this bill was under discussion, and certainly the gentleman from Virginia [Mr. FLANNAGAN] did not raise all these questions before our committee. I hope that this amendment and all amendments that would cripple this legislation are defeated, because this is a continuation of the Sugar Act that we have had since 1934 and does not change it in any material way.

The CHAIRMAN. The time of the gentleman from Utah has expired.

The question is on the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL].

The amendment was rejected.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWIN ARTHUR HALL:

On page 7, line 4, strike out "4,268,000" and insert "5,268,000."

Between lines 5 and 6, strike out the following table and insert in lieu thereof: "Domestic beet sugar, 2,300,000; Mainland cane sugar, 1,000,000; Hawaii, 1,052,000; Puerto Rico, 910,000; Virgin Islands, 6,000."

Mr. EDWIN ARTHUR HALL. Mr. Chairman, of course, none of us knows everything about every subject, and I have never set myself up as an expert, but some of the individuals who have been casting aspersions at me about my lack of knowledge on the sugar situation ought to receive the mail that I have had and the expressions of absolute dissatisfaction that the housewives and people in general back home have evidenced about this whole sugar question.

The point was made that we are an importing nation as far as sugar goes, not an exporting nation. I happened to hear the Secretary of Agriculture say before the committee—and the rest of you who were there heard him; I happened to be there that day, in spite of the unnecessary reference made by the gentleman from Utah. The Secretary as much as said that his committee which deals with the allotments of sugar for foreign countries has the final word in its allotment of sugar for relief of foreign countries. So do not let anybody try to kid you that I do not know a lot of this sugar, which ought to go for American consumption, will be sent abroad. I have no quarrel with the general principle of relief to foreign countries, and my record is crystal clear on that.

Let no one suggest that I am at all antagonistic on that score. I do say, however, that the American people have the right to expect that domestic sugar will be earmarked to quite a large extent for them. I do not believe that in taking that position I am any different than any other Member of this House who wants to be a good American. I happen to know the hard feeling that was and is rife back home over sugar. A lot of people who would make light of a question of that kind will probably not agree, but it is the crux of the whole question on the standard of living back home and the necessity of giving our own people the supplies they ought to have. I suggest that serious consideration of this question cannot be left aside unless we consider at least a quota reorganization and a change. I do not say these figures are correct. I am not setting myself up as an expert, but I do say that the sky should be the limit as far as encouraging sugar production is concerned. Our domestic raisers ought to have the opportunity to raise those quotas if they want to.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I know people everywhere are disgusted with rationing. Of course, housewives are no longer rationed. But will the gentleman devote his few remaining minutes to a discussion of his amendment, so that we can find out just what he is proposing?

Mr. EDWIN ARTHUR HALL. My amendment simply increases production quotas for domestic beet and cane sugar. It is foolish and shortsighted at this time, in view of the demands the domestic consumers have made upon the country, and in view of the demands the Secretary of Agriculture is going to make, to try to set quotas that may be too low for raising of sugar. I for one want to see us have all the sugar we can possibly get, and I am going to continue to take that position regardless.

Mr. AUGUST H. ANDRESEN. How much does the gentleman's amendment propose we increase the sugar quota? Is that in acreage or tons?

Mr. EDWIN ARTHUR HALL. It increases the domestic quota 1,000,000 tons, half a million tons for cane sugar and half a million tons for beet sugar.

Mr. AUGUST H. ANDRESEN. Is that in tons or in acres?

Mr. EDWIN ARTHUR HALL. It is in tons.

Mr. AUGUST H. ANDRESEN. Would that increase the acreage allotment?

Mr. EDWIN ARTHUR HALL. I assume it would. There is plenty of land which can be added to both cane and sugar-beet production. I would much prefer to see acreage increased rather than done away with as it very well could be by exacting too stringent quotas.

Mr. CLEVENGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I happen to be a member of a special subcommittee of the Committee on Agriculture that spent a number of weeks studying this sugar question and the world sugar supply. Mr. AUGUST H. ANDRESEN, Mr. HILL, Mr. HOEVEN, Mr. PACE, Mr. POAGE, and Mr. GATHINGS compose that committee. I suppose it was because we learned so much about the world supply that the members of that committee are so modest about taking some of your time. But I just simply cannot sit here and take it any longer. We have three deficit areas in the world in the production of sugar.

Java, which normally produced some 2,000,000 tons is out of the picture. The island of Formosa which formerly supplied Japan and the East with 1,200,000 is out of production. The whole Philippine picture is down to perhaps 20 percent of their normal production. So far as the beet-sugar areas in Europe are concerned, I do not need to tell you anything about that. France, Germany, and all of central Europe ate beet sugar. That is the thing that is causing so much grief to our friend here from New York.

We have been using 68 and 70 pounds instead of 110 or 112 pounds that we normally get. I say to you it was not easy for me, a protectionist Republican, to swallow the wool legislation. I went along with it with my tongue in my cheek, because I realized the party does not have two-thirds of the House and Senate, and the day for majority rule seems to have passed temporarily. I am looking at the picture realistically. I want to see every bit of sugar produced that can be produced, otherwise we will just have rationed scarcity and no sugar.

This is not a palatable measure to a man who knows that an American laborer has to have protection against a tropical laborer. A man who wears overalls and work clothing cannot work against a man in a G string, and a man living in a house cannot compete with a man living in a palm tree. But, nevertheless, that is the condition we face. But I swallowed this; I just buttoned up my likes and dislikes and I recommend that during this 5-year period at least until we bring the world back into sugar production we hold our noses and vote for this to make some sugar, make it possible for people to produce sugar, and then wait for the day that we may return to satisfactory protection to take care of the American laborer.

Mr. BENDER. Mr. Chairman, I wonder if the gentleman would explain the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. CLEVENGER. Let us be charitable. I am modest. The more I know about the world sugar picture—I am like the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] and the gentleman from Georgia [Mr. PACE], I am almost too humble to speak about it. But I ask you to be realistic and see if we cannot raise some sugar instead of so much fuss.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. EDWIN ARTHUR HALL].

The amendment was rejected.

Mr. LYNCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LYNCH: On page 16, line 7, after the word "sugar", strike

out the period and insert a comma and add the following words: "which the Secretary shall allocate on the basis of direct consumption shipments in the years 1939 and 1940."

Mr. LYNCH. Mr. Chairman, this is a very simple amendment and I think it has considerable merit to it. It has nothing to do with increasing or decreasing the various sugar quotas. It has to do with the protection, however, of those industries that have gone into the refining business in Puerto Rico. I ask in this amendment that the allocation be based upon a definite pattern decided upon by the Congress.

It seems to me that where we have a quota and where we put a quota on any product we must take the position of protecting those people who have been in the business prior to the imposition of the quota.

My distinguished friend from New York [Mr. BUCK] yesterday spoke about these quotas and spoke about the restrictions. There is a great deal in what the gentleman said. The fact of the matter is we have got these restrictions, and, having the restrictions, it seems to me it would be most fair and equitable to say now that the quota has been established at 126,033 short tons, that those short tons should be divided amongst those refineries which are in existence at this time. The objection will be made: "Well, that is repression of business." But the repression would not be were it not for the fact that we place a quota on the sugar in the first instance.

I think that those companies which have invested hundreds of thousands of dollars in the construction of their refineries in Puerto Rico should be protected in their investment, and that we should not pass any laws which place a quota and at the same time leave open the other part of the barrel so that other companies may come in and get a part of the quota, to the detriment of those who are presently operating them.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. LYNCH. I yield.

Mr. AUGUST H. ANDRESEN. I just wanted to get a clear understanding of the gentleman's amendment. The gentleman proposes that these 126,000 tons of sugar—and that is refined sugar——

Mr. LYNCH. Yes.

Mr. AUGUST H. ANDRESEN. Which comes from Puerto Rico shall be allocated to certain companies that deal in refined sugar in the United States?

Mr. LYNCH. No, no. To the Puerto Rican refineries, on the basis of the 1939-40 shipments.

Mr. AUGUST H. ANDRESEN. I get the gentleman's point. I think there have been one or two new refineries established in Puerto Rico.

Mr. LYNCH. My information is there are seven refineries down there, in all, and that they were in existence and operating there in 1939. As I say, I understand there have been none established since. It is amongst those that I think the quota should be divided.

Mr. AUGUST H. ANDRESEN. Of course, it would not be very much for each one if you would allocate only this 126,000 tons.

Mr. LYNCH. That is exactly what is being done today except on a different basis. As I understand, the Secretary still allocates, but it seems to me they should have some assurance as to what the allocation is going to be, and the assurance that I suggest is that Congress pass the basic formula, which is shipments during 1939 and 1940.

The CHAIRMAN. The time of the gentleman from New York [Mr. LYNCH] has expired.

Mr. HOPE. Mr. Chairman, the effect of this amendment would be that the Congress would say to certain refiners in Puerto Rico: "You can bring sugar into this country in a refined form."

And we would say to other refiners: "You cannot bring in any refined sugar to this country."

It is my understanding that some refineries have been built in Puerto Rico since the 1939-40 period. Under this legislation the imports of direct-consumption sugar—I should not say imports, because Puerto Rico is a part of the United States—but the shipments of direct-consumption sugar from Puerto Rico are limited.

The Secretary of Agriculture determines from what refineries those shipments may come. I am sure that in the past the Secretary has been fair and equitable in the apportionment of those allocations, and I am sure that he will be in the future. I do not believe that this Committee, without knowing anything about the situation, should at this time say that only those refineries which were in existence in 1939 and 1940 should be permitted to ship sugar to the United States at this time. It can readily be seen that this is a matter that in all fairness can only be left to the Secretary of Agriculture.

I urge that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LYNCH].

The amendment was rejected.

Mr. PACE. Mr. Chairman, I had not intended to comment on this bill, not because I have any misgivings about the bill, for I shall support it, but principally for the reason that I am not an expert on sugar and had some doubt about being able to contribute anything helpful. Two references, however, have been made to the Secretary of Agriculture and I do want to comment on those references. I doubt, Mr. Chairman, that any Secretary of Agriculture likes this type of legislation. I think it is very peculiar. If you study the bill you will find that the Secretary of Agriculture has complete discretion in every particular under this bill except in the allotment of quotas among the different producing areas.

The gentleman from Virginia objected to the language in section 201 setting up factors the Secretary shall consider when he determines the over-all supply of sugar. But if you read that section you will see it is still entirely in the discretion of the Secretary of Agriculture as to the amount, the weight, he shall give each factor and that he is specially required to protect the interest of the consumers of sugar.

If you turn to section 302 of the bill, which fixes the acreage allotments to the beet and sugarcane producers of this country, there is no standard set up there like we have in wheat, cotton, and corn acreage allotments. That, if you please—the allotment of acreage to the producers of beets and cane—is entirely discretionary. You will also find that the discretion of the Secretary extends to the point where he can vary the import quotas every 30 days.

Comment was made yesterday by the distinguished gentleman from Virginia that the opening statement of the Secretary of Agriculture to our committee was that he was not too well informed about the provisions of this bill. I would consider that standing alone as a rather critical reference. I think that much is true, because at the time the Secretary was getting ready to leave this country for Europe. But I think it is proper that I mention in this connection that sitting in our committee beside the Secretary of Agriculture was one who had been in every conference held on this bill, who was familiar with every "t" and every dot in the bill, that was Jim Marshall, Chief of the Sugar Section, who was there to advise with the Secretary in his testimony.

Of all the innuendoes which have been cast here reflecting upon the activities of certain gentlemen I am quite sure there has been no statement made, and no statement can be made, reflecting upon the character or the integrity of Jim Marshall, the Chief of the Sugar Section, or the Secretary of Agriculture. These two gentlemen, I am sure, have as deep and sincere an interest as does the gentleman from Virginia in the welfare and in protecting the interest of the American consumers, the American beet and cane growers, and the American men and women who work in the beet and cane fields. In view of the fight Mr. Marshall and Secretary Anderson have made to secure an adequate supply of sugar for our people and to keep down the price of sugar, it is now poor compensation to infer they would agree to any legislation which would be contrary to the best interest of the consumers.

The second reference critical of the Secretary of Agriculture was because there was included in the last Cuban contract under which we bought the entire Cuban sugar crop a provision to the effect that the price we pay Cuba would travel with the cost index in the United States. I think something needs to be said about that. I think you should understand that situation.

For several months the sugar section of the Department of Agriculture undertook to negotiate a contract for the purchase of the Cuban crop. It was important that it be done and that our Nation buy and control the entire Cuban crop.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. PACE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PACE. Mr. Chairman, it was most important, if you please, that our Government buy and control every pound of the Cuban crop in order to protect the American consumers of sugar. The sugar section was unable to complete a contract with Cuba and it was so important that the Secretary of Agriculture flew down there himself to negotiate a sugar contract which did give us complete control of the entire sugar crop.

What did Cuba ask? If you please, they asked no more than every man sitting on this floor would have asked, and the Secretary of Agriculture had to agree to it to get the contract. Here is what they asked: They said, "Mr. Secretary, we take our sugar dollars and buy American products. We are entering into a contract here for the sale of our entire crop. The cost of things we buy in America is going up and we ask you to write into this contract a provision that when the cost of things which we buy in the United States goes up, the price of our sugar shall go up proportionately in order that what a hundred pounds of our sugar will buy today will continue to buy the same in American products throughout the period of this contract."

Do you see anything wrong with that? That is the same as the parity principle that is written into every piece of farm legislation this Congress has enacted. That is how it came about that the Secretary of Agriculture was able to extend fair treatment to the producers in Cuba who had done so much to contribute to the sugar supply of this country during the war and was able to acquire and control the entire sugar crop of Cuba. That is one of the reasons sugar is more plentiful today.

I want to say one more word. I do not know that we gain anything in considering legislation by talking about people. I hope this country will continue to be a land of opportunity. I hope that when men work hard they may be rewarded. Reference was made yesterday to Mr. Robert Shields, one of the most able representatives the Government has ever had in the Department of Agriculture. He went there as a young man, he worked hard, and his capacity was such that he filled practically every position in the Department of Agriculture. He was later made a very handsome offer by some of the sugar interests. Unless there is something here—and I have found nothing—to indicate there is something in this bill which is wrong, that there is something in this bill which is fraudulent, it does not seem to me the Congress of the United States should spend its time casting aspersions and innuendoes on men who have given almost their entire life to the service of the Government.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Kansas.

Mr. HOPE. I simply want to say that I desire very much to associate myself with the statements which the gentleman has just made, and particularly the statement he has made with reference to Mr. Marshall and Mr. Shields.

Mr. PACE. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. FLANNAGAN. Mr. Chairman, I move to strike out the last word.

May it please the Committee, I want it distinctly understood that I did not deal in innuendoes on yesterday, nor have I indulged in innuendoes today. I made direct charges. Now Mr. Marshall has been brought into this picture. He seems to be a nice young gentleman. But, now, who is Mr. Marshall? Why, Mr. Marshall was the man who was put in charge of the Sugar Branch of the Department of Agriculture by Mr. Shields when he was head of Production and Marketing. Now, he may be the most honest man in the world. He is a young man, and when they met in Shields' Washington office and sat around the table to discuss this bill, here is the picture: Mr. Marshall is there representing the Government, and his former boss on the other side representing the Sugar Trust. I cannot help but think that he would be influenced, though it may have been an unconscious influence. Mr. Marshall appeared before the committee in executive session. I had found out something about section 201 and the change in it, and I asked him why they were tying the present price of sugar, driving that stake down and tying it up with the cost of living, a formula that we had never heard of before in America until the Cuban sugar agreement was reached. He finally said it was put in there in order to raise the price of sugar. That is what he said when he testified; that that was why they put the formula in the bill. He did state that they had modified it some; but it is still the same provision that is in the Cuban contract, and appears in this bill for the first time in America's legislative history. I know what has been the result of the provision in the Cuban contract. It has raised the price of sugar $2.15 to the housewives in less than a year, which means around $300,000,000.

Now, gentlemen, this is a serious problem. I am going to offer a motion to recommit this bill and continue the present Sugar Act and give this committee further time to look into the situation.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. I yield to the gentleman from Utah.

Mr. GRANGER. I think the gentleman has always been fair enough to be accurate in his quotations.

As I understand Mr. Marshall, although I may be wrong, he was questioned time and time again on what this formula might do to the cost of sugar. As I remember, he said perhaps some of the people who wanted the formula tied to the cost of living thought that it might be raised, but he thought it might well lower the price. That is what he said.

Mr. FLANNAGAN. Yes, but he said that was the reason it was in here. I kept on hammering on it in executive session. I wanted to know why it was in there. I am just asking you to leave it out for a year and proceed under the present Sugar Act. We know how the present act operates. I know and you know and the gentleman from Colorado knows that this new formula can be figured out to a mathematical certainty any day in the year, and that it hog-ties the Secretary.

Mr. BUCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCK: On page 28, line 25, strike out section 406.

Mr. BUCK. Mr. Chairman, I hope this amendment will be accepted by the Committee. The section it seeks to strike out has nothing to do with the objectives of the bill and has no place in a statute written by the Congress of the United States. If a section such as this appeared in a law written in Russia or prewar Germany or Italy or Japan I would not be surprised, but I am surprised to see it in a statute of this Congress. What this section does is give the Secretary of Agriculture authority to force a neighbor to inform upon his neighbor or upon his competitor, or even upon his best friend; and if he refuses to act as an informer, the Secretary of Agriculture can slap a $1,000 fine upon him. This section should be eliminated. My amendment should be adopted.

Mr. GAMBLE. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield to the gentleman from New York.

Mr. GAMBLE. This section sounds very much like a provision Mr. Henderson was very eager to get in the original OPA Act, but the Committee on Banking and Currency knocked it out in committee and it never got on the floor. It was an informant act along the same lines.

Mr. BUCK. It had its genesis back at that time.

Mr. GAMBLE. I think so.

Mr. BUCK. I thank the gentleman.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the provision to which the gentleman from New York refers, or provisions similar to it, and in many cases far stronger, will be found in every regulatory act on our statute books. This is not something that is peculiar to the Sugar Act. Every regulatory body or every official with regulatory functions in the United States Government is operating under some such provision as this.

We have set out in this legislation certain provisions which require the Secretary of Agriculture to make findings and determinations. I cannot mention all of them for I will not have time, but in section 201, for instance, in determining the quotas he has to find out what the inventories are in the hands of the producers, refiners, distributors, and industrial users. He has to have that information in order to determine the amount of the quota. In section 208 there is a provision that prohibits the shipping, transporting, and marketing of sugar in interstate commerce after the quotas have been filled. Unless the Secretary has some authority to make those inquiries he has no way of making those determinations.

A little while ago the Committee adopted the Murray amendment, which puts into effect the provision that the Secretary must determine that the workers in the fields have been paid a fair wage, and that they have been fully paid, before a grower can receive his Federal payment. We provide also in the Murray amendment that a processor who is also a grower may not receive his payments until it is shown that he has paid other growers a fair price for the cane or beets they have produced. Without this authority the Secretary would have no way at all of getting the information which we say he must have in order to make these determinations.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BOGGS of Louisiana. In other words, it would be utterly impossible to administer this act without the provision. Is that not so?

Mr. HOPE. You could not begin to administer it without the provisions contained in this section.

In section 409 there is a provision that the Secretary must make recommendations relative to the terms and conditions of contracts between processors and producers and between producers and laborers, and unless he has the authority contained in that section, there would be no way that he could function under these provisions.

The same thing applies to section 410 where the Secretary is required to make investigation for carrying out the purposes of the act. So that unless you want to make it absolutely impossible for this act to function, do not vote for the amendment offered by the gentleman from New York.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. OWENS. I would like to ask the gentleman what might be called a double question. Can you tell me any specific act which so provides without arrangements for going into court and can you tell me of any act prior to the so-called New Deal legislation that contains any such provision?

Mr. HOPE. I will say that just now I cannot give the gentleman details of these provisions but I am sure if he looks the matter up he will find the power exists in all regulatory agencies. In many cases it goes much further than this because it gives the subpena power to a regulatory official.

Mr. OWENS. Would the subpena power be through the procedure of the court?

Mr. HOPE. In some cases, yes. But where used in that way it gives more drastic power than is provided in this legislation.

Mr. OWENS. As a lawyer, I would not think so.

Mr. HOPE. I beg to disagree with the gentleman. I cannot agree with him.

Mr. Chairman, I urge that if you want this legislation to be operative and you want the Secretary of Agriculture to function in its administration, then vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. BUCK].

The question was taken; and on a division (demanded by Mr. BUCK) there were—ayes 16, noes 55.

So the amendment was rejected.

Mr. PETERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PETERSON: On page 23, line 2, strike out the period after the word "croppers" and insert a comma and the following: *"Provided,* That any honorably discharged veteran of World War II who is a citizen of the United States and who is a bona fide farmer at the time of the passage of this act shall be allowed to grow and market sugar or liquid sugar from sugar beets or sugarcane without reference to quota or allotment or any other limitation and as to production, such sugar production shall be deducted from the Cuban quota."

Mr. PETERSON. Mr. Chairman, the purpose of this amendment is to provide that World War II veterans who were honorably discharged, who are citizens of the United States, and who are bona fide farmers at the time this act takes effect, shall be allowed to raise sugar beets or sugarcane, for the purpose of producing sugar, without reference to quotas. The particular portion which they may raise may be deducted from the Cuban quotas.

In most of the bills dealing with agriculture, which have quota provisions, there are definite provisions of law protecting veterans for the preservation of their quotas when they return. There is no particular provision such as that in the sugar law. There are many instances in which veterans have prepared the land. They have not been able to build up a historical basis for a quota. Therefore, those who have been serving their country at times when they would have been able to build up a historical basis, have no assurance that they will have a quota. I recognize the situation that where you have benefit payments you must have quotas, although I have always felt and still feel that we should encourage new production, and that we should allow in this country production by our farmers without quotas. However, I realize if I made it wide open my amendment would have many objections, so I tried to limit it to World War II veterans. The men who were serving their country had no chance to build up a historical basis for quotas.

I think this is fair. It will increase certain domestic production by veterans who are bona fide farmers, veterans who are citizens, and this should be written into the bill.

In all seriousness, I hope the committee will vote this amendment into the bill.

In order that there may not be any fight between the beet areas and the cane areas, I have asked that it be deducted from the Cuban allotment.

There is a limitation, for instance, as to the number of veterans and limitation as to the acreage that can actually be produced. There is a physical limitation. We have to drain the land and we have to build dikes. The physical facts will make that limitation. Compared to the production in Cuba, it would be an infinitesimal amount. It is fair and just to these men who have had no opportunity to build up a historical basis.

I urge that you support this amendment.

The CHAIRMAN. The time of the gentleman from Florida [Mr. PETERSON] has expired.

Mr. BOGGS of Louisiana. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I realize fully the popular appeal that an amendment of this type has on its face. I am a veteran of World War II, and I am as anxious to extend every privilege and benefit to the men who fought for our country as any Member of this House. But I think this amendment should be analyzed a little.

In the first place, as I understand the amendment, it would establish quotas to so-called bona fide veteran farmers who were farmers at the time of the passage of this act. The argument is made that there is no historical basis for the veterans; therefore this amendment should be adopted. That to my way of thinking is absolutely meaningless, because, bear in mind, there are no existing quotas at this time insofar as anybody is concerned either in the cane areas or the beet sugar areas. Since quotas were suspended in the year 1941, I believe, anyone could enter the beet-sugar industry or cane-sugar farming.

As I understand the amendment it would apply only to those so-called bona fide farmers who were farming at the time the act was adopted. As I interpret the amendment, therefore, in the first place it has utterly no meaning because anyone who wants to enter the business today can enter it without any interference insofar as quotas are concerned. Hence any veteran who desires to can become a beet or sugar farmer. Therefore, the amendment is meaningless. Moreover, I think this type of amendment, much as I want to favor the veteran and even if it had any meaning, is a bad type of amendment, because it subjects the veteran to exploitation. What happens? What has happened in the past? Let us take the case of the surplus property. There is a good illustration. We wrote all sorts of provisions into the Surplus Property Act giving preference to veterans. Invariably someone goes around, gets his brother-in-law, his son-in-law, or his uncle, who is a veteran, puts him up as front man and as a veteran, sits him out in front, and then all kinds of conniving takes place. That is exactly what would happen in this instance if we adopted this amendment, and we would not be doing the veteran any favor whatsoever. In addition to that, innocent-sounding as the amendment is, it might, if it has any meaning, interfere vitally with the quota arrangements which have been worked out by the State Department and the Department of Agriculture with the Republic of Cuba. In doing that we would jeopardize the entire purpose for

which this bill will be enacted. I sincerely hope, therefore, in the name of the veteran, because this amendment will not help the veteran, in order to maintain our commitments to countries with which we have made agreements that we will vote down the amendment.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. HOPE. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Kansas is recognized for 5 minutes.

Mr. HOPE. Mr. Chairman, after the excellent statement just made by the gentleman from Louisiana, I do not believe it is necessary to say much more on this amendment.

I agree with everything the gentleman from Louisiana has just said.

We all want to do all we can for the veterans, of course, but to my mind it is very doubtful as to whether you would be doing anything for the veterans under this amendment; and its adoption would certainly place in jeopardy the ultimate enactment of this legislation.

I want to call attention to the fact that under the language of the bill which we had before us there is this provision: That the Secretary in determining the proportionate share to a farmer shall insofar as practical protect the interests of new producers and small producers and the interests of producers who are cash tenants, share tenants, adherent planters, and sharecroppers. The same provision is contained in the present act. I have conferred with Mr. Marshall the administrator of the act, as to how he would interpret that language, and how he has been interpreting it, and he has assured me that in applying that language veterans will be given every consideration. He says that he feels bound under the language of the GI bill to give veterans a preference in making those allocations. The language of this bill, which I have just read, as applied either to veterans or to others is much more inclusive than the amendment offered by the gentleman from Florida, because his amendment includes only veterans who are farming now, but the language written in the bill applies to any farmer veteran any time during the life of the act.

Now, what the amendment offered by the gentleman from Florida would do would be to set up another quota. We have a quota each for the domestic beet producers, the mainland cane producers, Puerto Rico, Hawaii, and the Virgin Islands. This would set up another quota and in doing that it would throw out of balance all of the provisions of the bill with reference to quotas. In addition, I do not know how such a provision as this could be administered and I do not know how a veteran could dispose of his cane or his beets if he got a quota under the provisions of this amendment because the quotas provided in the bill are assigned to each factory district. These factory districts cannot market in interstate commerce any larger amount of sugar than the quota given. This means they cannot buy any more cane or beets than enough to fill their quota. So if there is a regular quota given to the factory district and that is assigned to the producers within that district, then I do not know where a veteran would go to sell his cane or beets if he were given an extra quota under this provision. While I am just as sympathetic as anyone could possibly be toward any provision that will give veterans a preference under this act, I do not believe the amendment proposed by the gentleman from Florida would do it and, if adopted, it would, in my opinion, very seriously jeopardize the ultimate enactment of this legislation.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. ROGERS of Florida. Mr. Chairman, I rise in support of the pending amendment and the bill.

Mr. Chairman, in my district we grow a lot of sugarcane. As a matter of fact, the sugar-producing area of the State of Florida, which produces approximately 100,000 tons of sugar per year, lies almost exclusively in the Sixth Congressional District of Florida. I am, therefore, very much interested in the sugar legislation.

The merits of this bill have been discussed quite fully and I am not going into that phase of it, but I do want to say to the membership of the House that this is one time that the producers, the departments of the Government and the various domestic sugar producers have gotten together. The Department of Agriculture and State Department are for it, the Interior Department is for it, and the Bureau of the Budget is in accord with it. The bill is not absolutely satisfactory in every particular, but it is certainly the best bill that can be brought to this floor at this time in order to take care of not only the consumers but the producers of sugar. When the industry gets together like it has in this instance, when there is absolute accord, and when the Committee on Agriculture, after having given full and complete study, brings to us this bill I am sure the House will adopt it.

Going back to the amendment proposed by the gentleman from Florida [Mr. PETERSON], with reference to exemption of veterans from the allotment of the quota system, may I say that this would not affect the sugar quota and would be infinitesimal. At the present time, as suggested by the distinguished gentleman from Louisiana, there is no quota. The veterans can come in right now, and they could come in for some time provided the President suspends the quota provisions of this bill, and they can raise sugarcane. When it comes to the time of allotment, at that time the veteran who has planted sugarcane can get his proper allotment.

This is not giving the veteran anything at all. It is just permitting him to work, it is permitting him, if he wants to, to engage in an agricultural industry by producing sugar.

Now, my friend says that we have given them every consideration. Well, we have, but this is not giving them anything except the right to work. As I stated previously on the floor of this House, about the only thing we have given the veterans so far is priorities. They never have gotten much. Very little have they obtained, and we are not asking anything but that they be permitted to farm. You know, there are a lot of veterans coming to Florida. This Everglades section land is as rich as the valley of the Nile. We have hundreds of thousands of acres in the Everglades section of Florida and we could produce out there all the sugarcane for the production of sugar that the people of America could consume. But instead of that we have to allot more to Cuba because we are restricted in the production on the mainland of this country, including Louisiana and Florida.

Now, this will not affect our local growers. This amendment says this: If we get back to where we have to put on a quota, that this quota shall not come from out of producers on the mainland, but the quota shall be deducted from Cuba's quota, and, as you know, if there is any deficiency in any of the areas at the present time, Cuba gets 98 percent of it and we get nothing. As a matter of fact, as I see it, this amendment is a constructive amendment, and the veterans should be permitted to grow cane if they want to.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I expect to support this sugar legislation. The bill is not perfect and does not suit me in all its phases—but I shall vote for its passage. I say that because all indications point to the fact that the processors and the growers and the various departments have gotten together on a bill that to them is satisfactory; in other words, there is a compromise on sugar legislation.

My colleagues, you must remember that sugar is one of the commodities that has been regulated longer than any other food product in the United States. I think perhaps that accounts for this complicated bill and the imperfections in the bill. The amendment offered by the gentleman from Florida would further complicate the bill.

I do have some misgivings about the bill. If you examine it carefully you will find there is a certain allocation of beet sugar to the United States, that it permits 1,800,000 short tons of beet sugar. This is an increase of 100,000 short tons of sugar. At one time we had 1,700,000 short tons of beet sugar produced in the United States. I am fearful that the amount of increase permitted is not sufficient to take care of the growing population of the United States. It does not provide for the growing industrial use of sugar. Our population grows about two million a year. The bill provides controls for 5 years. In 5 years there will be another 10,000,000 people using sugar in the United States. Besides, the uses of sugar have increased. Now, what is the answer to that? I do not find it in this bill unless there is some way to increase the amount of land that can be brought under irrigation. I remember a former Secretary of Agriculture. He was Vice President at one time. He recently was made editor of a magazine. He went out into my country a few years ago when he was Secretary of Agriculture, and made the statement that sugar beets and sugarcane should

not be raised in the United States; it was economically unsound. Well, they hung that gentleman one evening in effigy. I can still see his effigy hanging on the end of a rope, and there was a very mad group of farmers around the likeness of Henry Wallace. I want to see our farmers produce all the sugar they can and with no useless restrictions.

Well, I contend that perhaps one fault in this bill is that we have not given enough attention to how much sugar we can produce at home. I see no way in this bill whereby you can bring new land under irrigation and sugar beet production.

I would like to ask the chairman of the committee, the gentleman from Kansas [Mr. HOPE], who has done an excellent job working on this bill, a question. How can new lands not heretofore in production of sugar beets be planted to that crop? Can that be done?

Mr. HOPE. Yes; after the entire quota which is allotted to domestic sugar-beet production is exhausted and new factory areas and new growers come into existence.

Mr. MILLER of Nebraska. Well, I hope they can, because they are bringing new land under irrigation all the time. As I said before, with the growing population in this country and the growing uses of sugar, we should not put shackles upon the domestic production of sugar. I think we ought to give them free rein. However, this is a compromise. The committee has worked hard upon it. It seems to me that the amendment offered by the gentleman from Florida, while we are in sympathy with what he would do for the veterans, would merely further complicate this bill. I would commend to my colleagues affirmative action on the bill without his amendment. There must be some sugar legislation, and as this bill has the approval of all interested parties, it should pass.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. In the event it develops that we do not produce enough sugar to take care of the needs here on account of increased population, two things can happen. Congress can amend the legislation or the Secretary and the President can suspend the quotas so that we can get additional sugar planted.

Mr. MILLER of Nebraska. The Secretary does have absolute power under this bill to make adjustments of that nature when they are needed.

Mr. PETERSON. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Florida.

Mr. PETERSON. I am in accord with the gentleman's desire to increase production. All these years I have fought for increased production. This would be a very small increase. I thought we would let the veterans increase it some now. I would go all out if we could increase production generally.

Mr. MILLER. I appreciate the gentleman's position, but feel his amendment, not having the approval of the Agricultural Committee, should not prevail. The bill should pass without amendments.

Mr. BENDER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we have all been sugared up here on this bill. I think all of us know just about how we are going to vote. Will you not please let us vote so we can do something else?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. PETERSON].

The amendment was rejected.

MORE NEW DEAL LEGISLATION, BUREAUCRACY, AND REGIMENTATION

Mr. SCHWABE of Oklahoma. Mr. Chairman, I move to strike out the last word. Mr. Chairman, this is the so-called sugar bill and designated in the bill as the "Sugar Act of 1948." In the report of the committee, after likening the proposal to the Sugar Acts of 1934 and 1937, it is stated that, "the bill has as its primary objective the stabilization of the sugar producing, refining, and importing industries." Quotas are authorized to be established for producers, marketers and importers, and subsidies are authorized to be paid to those engaged in the production and refining of sugar, all of which ultimately must be paid by the consumer. The committee's report says that this is to be understood as only a temporary program to last for 5 years from January 1, 1948. But all of the essential provisions of this act have been in force since the passage of the early Sugar Acts of 1934 and 1937. It is extremely doubtful if the program will be abandoned within the near future.

Much of the language of the bill is intricate and involved. But the bill is filled with provisions giving the Secretary of Agriculture, who is the direct appointee of the President, absolute and dictatorial powers. It is true that the bill directs the Secretary of Agriculture to take into consideration, before issuing his edicts, certain factual circumstances and conditions, but, in the long run, it is left to the Secretary of Agriculture to determine what action he will take with reference to the production, importation, and refining of sugar in this country. Worse than that, the Secretary of Agriculture, in the last analysis, according to the provisions of this bill, can and will determine the price that the citizens of the country pay for the sugar they use, and that applies both to domestic and commercial users of sugar.

PLANNED ECONOMY

If the authors of this bill, whoever they may have been, had tried to write a new bill filled from start to finish with planned economy provisions, applicable to the production, refining and marketing of sugar, it is difficult to imagine how they could have done a more complete job.

The language resembles that which was customarily employed by the brain-trusters of the early New Deal days, and the conceptions and philosophies of the New Dealers, and particularly of former Secretary of Agriculture, Mr. Henry Wallace, seem to have formed the basis of the theory and purposes of this bill. It does not read like an American congressional production.

It is said that Mr. Henry Wallace, early in the New Deal regime, advocated the idea that every farmer should be required to post on his front gatepost a Federal Government permit, stating the exact acreage and quantity of each and every crop he was permitted to produce, in order that his neighbors might know if he had exceeded his allocation or quantity. This is the same gentleman of whom ex-Senator Reed of Missouri said that he had required the farmers of this country to reduce their corn acreage by 20 percent and at the same time was trying to induce our corn growers to purchase from Mr. Wallace's corporation Wallace's hybrid seed corn at $7.50 a bushel, guaranteed to increase the yield 20 percent. This is the same group that promulgated the corn-hog reduction program, killed the little pigs and cattle, on the ground that there was an overproduction, and in order to produce a scarcity, which would result in a higher price in agricultural products. This is the same thing that developed for us during the past 14 years the philosophy of scarcity, artificial fixation of prices, controlled economy, the OPA, and all of the patent medicines and nostrums of the New Deal, which have become so nauseating to the people of this country. This is the result of the same philosophy and thinking that would regulate our every action, would tell us how much we must pay for labor and how many hours labor shall work, the diet we shall consume and the clothing we shall wear and the housing of our people. It is the outgrowth of the same program that produced thousands upon thousands of bureaucratic and Executive orders, edicts, rules, regulations, and the regimentation of our people.

It is almost unbelievable that this Congress should want to follow in the tracks of such un-American programs of the New Deal reign of the past 14 years. Yet, I call your attention to certain provisions of H. R. 4075, the so-called sugar bill now under consideration. After reading section 203 and its involved language and lengthy clauses and sentences, I think most people would give up in dire confusion and say that there wasn't any question but what the language sounded like the language of some of the other New Deal legislation that has been foisted upon the American people. There are only two sentences in section 201 of the bill. The first sentence covers 9 lines of the printed bill, and the second sentence covers 29 lines. I submit that the language, not only in section 201, but in many other provisions of the bill, is entirely beyond the comprehension of almost anyone except a New Dealer to understand. I hope it was not designed to be confusing.

I would remind you of the old NRA days. You will remember that the first New Deal baby to be born was the National Recovery Act, commonly referred to as the NRA. It was referred to by the New Dealers as involving a code of fair competition. That hideous blue eagle

had to be displayed in order to avoid boycotts and reprisals. The President and the Administrator of NRA said that the codes were written by the leaders in industry. Of course they were, with the collaboration of the brain-trusters and for the protection and perpetuation of big business—the leaders in industry. It is not natural for the leaders in any industry to encourage newcomers and competitors. Hence, among other things, the code of fair competition, the rules and regulations promulgated pursuant to the National Recovery Act, provided that as long as the leaders in the industry determined that there was sufficient capacity to turn out the quantity of material deemed necessary for the consumption of a locality, a new business could not be started. It was necessary that the NRA group, which was dominated by the leaders in industry, should issue a permit of convenience and necessity before anyone could start up a new business, or enlarge his operations or plant.

A similar situation is provided in this sugar bill. It is honey-coated with the language that apparently is designed to mislead the consumers of sugar and we are told that an emergency exists, and it is necessary to pass this bill if we are to get any sugar. That is more New Deal language. The New Deal has thrived and progressed from the very beginning on emergencies and the emergency hysteria has so seized the public that they seem easily swayed by other cries of emergency. The Secretary of Agriculture is given the power and authority to tell each farmer how much he can produce. In section 302 (a) of the bill, it is provided that the amount of sugar, with respect to which subsidy payments shall be made, shall be the amount commercially recoverable as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed—or processed by the producer—not in excess of the proportionate share for the farm, as determined by the Secretary.

In subsection (b), it is provided:

In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed.

In section 303 of the bill, there is a provision which reads:

With respect to such bona fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary.

Then to make certain that the control of the Secretary of Agriculture shall be as nearly czarlike as possible, and as dictatorial as it may be, provided in language, we find section 304 (b) providing as follows:

All payments shall be calculated with respect to a farm which, for the purposes of this act, shall be a farming unit as determined in accordance with regulations issued by the Secretary, and in making such determinations, the Secretary shall take into consideration the use of common work stock, equipment, labor, management, and other pertinent factors.

Without any reflections upon the present Secretary of Agriculture, who is an especially fine gentleman and whom I very much admire personally, I must say that such power and authority vested in any one man is un-American. Thank God we had a Supreme Court that understood Americanism well enough to declare the NRA unconstitutional when it was brought before that Court for consideration. Why should we continue, promote, extend, implement, and personify the program of the New Dealers by the passage of such an act as this?

BLANK CHECKS

I call your attention to section 401, the first section of title IV, which reads:

For the purposes of this act, the Secretary may make such expenditures as he deems necessary to carry out the provisions of this act, including personal services and rents in the District of Columbia and elsewhere.

In this same connection and under this same title IV, I call your attention to the dictatorial authorization contained in subsection (b) of section 402, which reads:

All funds available for carrying out this act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal Government as the Secretary may request to cooperate or assist in carrying out the provisions of this act.

Then, in perfect New Deal style and apparently for fear that this lengthy bill might have omitted some authority and provision to strengthen the hand of the Secretary who had been given such dictatorial powers in the bill, we find section 403 (a), which reads:

The Secretary is authorized to make such orders or regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this act. Any person knowingly violating any order or regulation of the Secretary issued pursuant to this act, shall, upon conviction, be punished by a fine of not more than $100 for each such violation.

It has not been long since we heard the popular clamor against fines being imposed for violations of Executive orders, edicts, and regulations. But here we have a provision authorizing the Secretary to promulgate any orders or regulations he may see fit to carry out the power vested in him by this act, and then going all out New Deal style and providing that if anyone shall violate any order or regulation of the Secretary, he may be fined $100 for each violation. I thought the people of the United States spoke last November 5 and said they wanted no more of such stuff. That is abhorrent and shocking to the people of this country, and I do not believe they will appreciate further enactments along that line by Congress.

But the bill goes another step. In section 406, the Secretary is vested with all the powers of a legally authorized snooper. He can require any and all information he wants in connection with the manufacturing, marketing, or industrial use of sugar, and anyone who fails to furnish such information or furnishes false information on the subject to the Secretary, is liable to a fine of $1,000 for each violation. The snooping clause and power and authority vested in the Secretary is further emphasized in section 410 of the bill.

In section 410, it is provided:

The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this act and for the benefit of agriculture generally in any area.

Thus, it will be seen that the Secretary is really clothed with the authority of a czar not only in the sugar-producing areas, but as he may see fit and as he may deem "for the benefit of agriculture generally in any area."

It is not a question of whether or not Secretary Clinton Anderson will become a czar. Congress should not vest any individual, the President, or any of his appointees, with any such power. Congress should not abdicate its authority. As representatives of the people, we should not vest or attempt to vest such dictatorial powers in any man in this country.

There are many other provisions in the bill equally as un-American in principle as those to which I have just referred. It is sufficient to say that the Secretary has been given power and authority to allocate according to areas and down to the individual farms, and the authority to define the maximum amount of sugar beets and sugarcane that can be produced in this country. It is planned economy from start to finish. He is given a blank check to carry on his operations as dictatorial as he may see fit. He is given the authority to pass upon contracts between producers and buyers and between producers and their hired help, to penalize people who will not comply with regulations which he promulgates instead of laws being passed by Congress. He is even given the authority that can ultimately determine just how much sugar you and I can consume in this country. On page 6 of the printed report of the committee on this bill, it is stated:

The Secretary of Agriculture is authorized under section 201 to determine the requirements of consumers for each calendar year on the basis of the standards specified therein. In making his determinations the Secretary is directed to protect the welfare of consumers and of those engaged in the domestic sugar-producing industry by providing a quantity of sugar which will be consumed at prices fair to both consumers and the domestic sugar industry.

On page 8 of the committee's printed report, it is specifically stated that section 302 of the bill authorizes the Secretary to establish proportionate shares in each of the domestic areas in terms of each farm's fair share of the total quantity of sugar beets or sugarcane required to be processed to enable the producing area to meet the quota—and provide a normal carry-over inventory—for such area. The proportionate shares—acreage allotments—for farms are to be established on the basis of past production on the farm and ability to produce sugar beets or sugarcane thereon.

The committee handling this bill stated in the committee report on page 8:

It is the judgment of the committee that considerable discretion should be left to the Secretary to deal with the varied and changing conditions in the various production areas, in order to establish fair and equitable shares for farms in such areas.

Does not that sound like New Deal bureaucracy, from which we should be attempting to rid ourselves.

Mr. Chairman, under the circumstances, I think we should face the stern realities that beset us. It does not augur well for us to side-step the issue. If there is a crisis or emergency, and the present 1937 Sugar Act expires December 31, 1947, should we not fearlessly and boldly face the proposition of enacting legislation that is sound and American in principle? The truth of the matter is that the New Deal crowd threw overboard our tariff protections on home industries. This applied to sugar and they substituted subsidies, premiums and bonuses. Tariffs are paid by the consumer of the goods upon which tariffs are collected, while subsidies are paid out of the public Treasury by the taxpayers, regardless of whether or not they are consumers of such commodities. If it is wrong in principle to subsidize the sugar industry, by paying subsidies to the producers and the processors and marketers, we should face the issue and decline to do so. We should provide other sound procedures, procedures which are economically sound and are not just temporary make-shifts, such as the committee admits this bill is intended to be. In the meantime, most important of all, we should not vest in any man the dictatorial powers that this bill seeks to give the Secretary of Agriculture.

The bill is New Dealish in every respect. Hence, I cannot and will not vote for its passage.

Mr. CURTIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed out of order, and to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS. Mr. Chairman, again a great flood is rolling down in the Republican River Basin. Canyons, creeks, and tributaries, as well as the main stem of the Republican River, are overflowing with water, destroying property, and causing the inhabitants to evacuate. At Cambridge, Nebr., where death through floods struck about 3 weeks ago, taking the lives of 14, it is again under water. The basements are filling up and the people are moving out.

Mr. Chairman, flood relief must come to this territory now. It so happens that the flood-control work in much of this region is to be done by the Bureau of Reclamation. It is imperative that the conferees now working on that bill appropriate every dollar possible for this territory involved. I wish to read a telegram that I have received. It was sent late last night:

Two feet water swept through streets Culbertson 5 p. m. today, stopping all transportation and business, according to Carl Swanson, attorney. Fully twice as much water coursed over nearby Hitchcock County fair grounds. Property and home damage heavy in lower part of town. This flash flood caused by sudden rain of 3 to 5 inches falling on water-soaked hillsides north of town.

Heavy rains were general throughout this region, so it was certain that another high-water crest will go down the Republican River tonight, although serious floods not expected in lower valley unless rain continues.

In flood-harrowed Cambridge, 2-inch cloudburst fell in 40 minutes, halting clean-up work still less than half complete from June 22 flood. Since considerable rain fell upstream along Medicine Creek, especially near Curtis, Cambridge citizens were watching for another flood crest tonight.

Indianola inhabitants, who suffer annually from flash floods of Coon Creek, anxiously watching for a possible 4-foot wall of water on that stream.

Two- and three-inch rains fell over northwest Kansas, so farms and towns along Beaver Creek expected their second flooding in less than month. Localized 5-inch cloudburst caused flood at Stratton Tuesday.

All developments serve to demonstrate for the thousandth time the vulnerability of this region to floods that can be caused by rainfall of as little as 2 inches, especially when rain falls fast and ground already saturated as was case again today. Unknown damage to crops; unknown amount of rich topsoil washed away, all of which again demonstrates expensively that this water must be stopped and controlled as near source as possible, used for good of greatest number of people, and prevented from causing additional devastation. Army engineers and Bureau should act immediately to avoid a repetition of today's flood at Culbertson and those recently at Cambridge and other communities in the Republican Valley and tributaries and throughout the country.

This morning another telegram arrived giving me the picture of the situation as it was at 2:30 this morning. This telegram mentions Medicine Creek and the town of Cambridge. This is the same town and the same creek that had the unfortunate flood that I previously mentioned. That telegram is as follows:

Just made trip West. Water over highway seven places from McCook to Culbertson. Every dry canyon and creek overflowing over lowlands and highways. River running full bank to bank here 2 hours ago. Flash rains all the way from 2 to 6 inches. Cambridge basements now filled with water and people evacuating the town. Six inches of water reported north of Cambridge late this afternoon with about same fall in some localities west. All communications out in that territory. Lester Simes, highway department, says Fox Creek and Curtis Creek highest in history which dumps into Medicine Creek, both creeks sending water over highway bridges. Small dikes built by people of Cambridge washed out, and people moving again after trying to rehabilitate themselves. Dry creeks running full and out over lowlands west of McCook, destroying farm lands and destroying crops and threatening lives. This is the picture this morning at 2:15 by a good reporter. Nobody knows what conditions are on headwaters of Red Willow, Medicine, and other tributaries because of lack of communications.

Mr. Chairman, one of the worst floods in the entire United States occurred in the Republican Valley. There are few such tragedies that take the lives of more than 100 people in any one locality. That did happen on the Republican River in the spring of 1935. At that time, 112 people were drowned. In the 3 or 4 years that followed that devastating flood, which destroyed millions of dollars in property, besides many millions more in topsoil, not one thing was done by the Government of the United States to bring flood control and a program of water utilization to the Republican River Basin. It is not an idle remark to say that this area, from the standpoint of such needs, is the most neglected spot in our country.

Mr. Chairman, with all the earnestness at my command, I urge that the conferees now working on the Interior bill take cognizance of this tragic situation and appropriate the full amount needed. I urge that this House support them in that move.

The Republican River and its tributaries arise in northwestern Kansas, eastern Colorado, and southwestern Nebraska. In that section the river spreads out like the fingers of a hand. The river-control work in that west part of the basin where the tributaries are located is under the jurisdiction of the Bureau of Reclamation. The Army engineers are building an on-river dam a little farther east at Republican City. It is the Harlan County Dam. This House has already recommended $3,775,000 for the Army engineers to carry on the construction work of that dam. That amount must be raised. It ought to be raised beyond the budget estimate. The June floods have done great damage in the area to be protected by the Harlan County Dam. Much of the work already done will have to be done over. The floodwater reached heights almost equal to the flood of 1935.

The Army engineers are also scheduled to work on Coon Creek. The amount needed for this purpose is small and it should be provided. I urge the Army engineers to speed their work in that valley and I plead with the Congress to make funds available to rush this work to completion.

Under the existing set-up which has prevailed for many years, regions such as the Republican Basin get no benefit whatever from emergency flood appropriations. This year, Congress provided $12,000,000 for such emergency work. That work is performed by the Army engineers. It is confined to the repair, strengthening, and maintenance of levees, flood walls, and other flood control works built by the Federal Government. To those unfortunate areas where no flood control work has ever been done, this emergency appropriation means nothing.

Mr. Chairman, I ask the help of this Congress in bringing flood control and a program of water utilization to this great area. The people are honest, hard working, thrifty, and energetic. Time and time again, they have suffered great property losses from floods. They have seen their neighbors' and their loved ones lose their lives. They are today facing high water and floods. I ask that the programs authorized and undertaken be speeded to completion.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. CURTIS. I yield.

Mr. CASE of South Dakota. Of course, the gentleman is aware of the handicap that the conferees work under in view of the fact that they must operate on the bill as passed by the House and as passed by the Senate, and there was no particular reference to the Medicine Creek Dam in either bill. I am entirely sympathetic to the gentleman's proposition, however, and hope we can do what he wants, as I understand this dam is part of the Frenchman-Cambridge project.

Mr. CURTIS. I realize the limitations on the conferees, but the Cambridge Dam is part of the Frenchman-Cambridge project which is a phase A project and one eligible for Bureau of Reclamation money ever since the war ended. I have investigated and I find that money can be made available for this dam.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

There are no further amendments at the desk and, under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CUNNINGHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 4075, pursuant to House Resolution 273, he reported the same back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. FLANNAGAN. Mr. Speaker, I offer a motion to recommit which is at the desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FLANNAGAN. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FLANNAGAN moves to recommit the bill to the House Committee on Agriculture with instructions to report the bill back forthwith continuing the Sugar Act of 1937 for 1 year and providing for reallocation of any of the 1948 deficit in Philippine continental beet- and cane-sugar quotas in accordance with the provisions of H. R. 4075.

Mr. HOPE. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. FLANNAGAN) there were—ayes 47, noes 101.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. FLANNAGAN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

The question was taken, and the bill was passed.

A motion to reconsider was laid on the table.

PERMISSION TO COMMITTEE ON DISTRICT OF COLUMBIA TO FILE REPORTS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file sundry reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

LEGISLATIVE APPROPRIATION BILL, 1948, SENT TO CONFERENCE

Mr. JOHNSON of Indiana. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3993) making appropriations for the legislative branch for the fiscal year ending June 30, 1948, and for other purposes, with sundry amendments thereto, disagree to the amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. JOHNSON of Indiana, TIBBOTT, CANFIELD, GRIFFITHS, CANNON, KIRWAN, and ANDREWS of Alabama.

SPECIAL ORDER GRANTED

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes today following the disposition of the legislative business of the day and any other special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO SUBCOMMITTEE ON ELECTIONS TO SIT DURING SESSIONS OF HOUSE

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent that the Subcommittee on Elections of the Committee on House Administration may on Monday and Tuesday next sit during general debate during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mrs. BOLTON (at the request of Mr. HALLECK) was given permission to extend her remarks in the Appendix of the RECORD and include an editorial.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. POAGE asked and was given permission to extend his own remarks in the Appendix of the RECORD and include a proclamation of the Governor of Texas.

Mr. PATMAN asked and was given permission to extend his own remarks in the Appendix of the RECORD in three separate instances and include certain statements and excerpts.

Mr. McCORMACK asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article written by Robert L. Norton appearing in the Boston Post.

Mr. PRICE of Florida asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement.

Mr. DURHAM asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. HORAN asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and include editorials in each.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix and include excerpts from the Great Globe Itself.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include some testimony given before the Committee on Ways and Means.

The SPEAKER. Without objection, the extension may be made.

There was no objection.

SERGE RUBINSTEIN

Mr. MICHENER. Mr. Speaker, by direction of the Committee on the Judiciary, I call up House Resolution 254, which is privileged.

The Clerk read the resolution, as follows:

Resolved, That the Secretary of State is directed to transmit forthwith to the Committee on the Judiciary of the House of Representatives all documents, papers, memoranda, and other records in the possession of the Department of State relating to the granting to Serge Rubinstein of permission to qualify for entry into the United States as a permanent resident.

Mr. MICHENER. Mr. Speaker, I ask that the report be read.

The Clerk read as follows:

The Committee on the Judiciary, to whom was referred the resolution (H. Res. 254) directing the Secretary of State to transmit forthwhile to the Committee on the Judiciary certain documents, records, and memoranda relating to one Serge Rubinstein, having considered the same, reports unfavorably thereon without amendment and recommends that the resolution do not pass.

GENERAL STATEMENT

The committee recommends against the passage of the resolution because information, as requested in the resolution, has been furnished the Committee in a letter from the Department of State, the text of which is included in this report for the information of the House, insofar as such papers are in the possession of or available to the Department of State. The photostatic copies of documents which accompanied the report of the Department of State and which are referred to in the letter, are in the custody of the committee and are available to the Members of the House upon request. Furthermore, the Department of State has tend-

ered to the Congress all papers in its possession with reference to the subject matter of the resolution, and will produce any or all of them which will serve to substantiate or amplify the contents of its letter.

Mr. MICHENER. Mr. Speaker, the report from the department is, in the opinion of the Judiciary Committee, complete. I move that the resolution be laid on the table.

The motion was agreed to.

Mr. MICHENER. Mr. Speaker, I offer another privileged resolution (H. Res. 255), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Attorney General of the United States is directed to transmit forthwith to the Committee on the Judiciary of the House of Representatives all documents, papers, memoranda, and other records in the possession of the Department of Justice relating to—

(1) the entry into the United States of Serge Rubinstein as a permanent resident;

(2) any investigations made as to the validity of the said Serge Rubinstein's Portuguese passport;

(3) any investigations made as to the truth of Serge Rubinstein's representations with respect to his parentage and citizenship;

(4) any investigations made as to the activities of the said Serge Rubinstein prior to his entry into the United States, and as to whether he was a desirable or undesirable alien;

(5) any investigations made leading to the issuance of an order of deportation of the said Serge Rubinstein;

(6) the revocation of such order of deportation by the Board of Immigration Appeals and/or any facts or investigations in connection therewith, including any activities of the said Serge Rubinstein directed to obtaining the revocation of the deportation order against him;

(7) any investigations made to determine whether the said Serge Rubinstein should be prosecuted criminally for alleged violations of laws administered by the Securities and Exchange Commission;

(8) any investigations made to determine whether the said Serge Rubinstein utilized corporate funds, particularly those of the Chosen Corporation, a British corporation, for his personal gain;

(9) any investigation made with respect to the activities of one Paul O'Leary Buckley in connection with the sale to Serge Rubinstein of an interest in Taylorcraft Aviation Corp. to enable the said Serge Rubinstein to establish a grounds for deferment from training or service under the Selective Training and Service Act of 1940, including any documents, papers, memoranda, or other records showing what efforts were made to secure an indictment against the said Buckley for conspiracy to violate the Selective Training and Service Act of 1940;

(10) any investigations made with a view to determine whether the said Serge Rubinstein was liable to indictment and prosecution for fraud under the Federal income-tax laws;

(11) any investigations made with respect to the truth of representations of the said Serge Rubinstein which resulted in the many changes in his classification under the Selective Training and Service Act;

(12) any investigations made with respect to the activities of one H. Ralph Burton, former counsel to the House Committee on Military Affairs, or with respect to the activities of any other member of the staff of such committee, in connection with the classification of the said Serge Rubinstein under the Selective Training and Service Act of 1940;

(13) any investigations made with respect to alleged expenditures of moneys or other things of value by the said Serge Rubinstein in Washington, D. C., and elsewhere, for the purchase of influence;

(14) any investigations made in connection with the indictment and prosecution of the said Serge Rubinstein for violation of the Selective Training and Service Act of 1940;

(15) the delay of 15 months in bringing the said Serge Rubinstein to trial on such indictment;

(16) the assignment of Judge James F. T. O'Connor to preside at the trial of the said Serge Rubinstein on such indictment;

(17) recommendations, if any, of the Department of Justice or any representative thereof with respect to sentence of the said Serge Rubinstein, and the reasons, if any, for making any recommendations in particular;

(18) the practice and procedure of the Department of Justice relating to the admission of visitors and others to interview prisoners at the Federal Penitentiary at Lewisburg, Pa.; and

(19) temporary absences, if any, with the permission of prison officials, of prisoners from the Lewisburg Penitentiary during the period of their confinement.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the report be read.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the report as follows:

The Committee on the Judiciary, to whom was referred the resolution (H. Res. 255) directing the Attorney General to transmit forthwith to the Committee on the Judiciary certain documents, records, and memoranda relating to one Serge Rubinstein, having considered the same, reports unfavorably thereon without amendment and recommends that the resolution do not pass.

GENERAL STATEMENT

The committee recommends against the passage of the resolution because information, as requested in the resolution, has been furnished the committee in a letter from the Department of Justice accompanied by a lengthy memorandum, the texts of both of which are included in this report for the information of the House. It will be observed that the memorandum referred to is arranged so as to provide specific answers to each one of the inquiries contained in the resolution in the order in which they appear in the resolution. Moreover, the Attorney General has tendered any part or all of his voluminous file to the Congress for inspection at the pleasure of the Congress. However, it is believed by the committee that the memorandum contains in synopsis form all of the information which could otherwise be obtained by the Congress from an exhaustive examination of the file itself.

Mr. MICHENER. Mr. Speaker, I think the answer of the Department of Justice is complete and furnishes the evidence asked for.

The Judiciary Committee has no knowledge as to just what is intended or sought by the gentleman from New York. Under the rules he is entitled to this information and we have secured it for him. The gentleman has asked for 20 minutes of the hour allotted and I therefore yield to the gentleman from New York [Mr. BUCK] 20 minutes.

SERGE RUBINSTEIN—CONVICT AND DRAFT DODGER

Mr. BUCK. Mr. Speaker, the resolutions to which the distinguished chairman of the Judiciary Committee has just referred were introduced by me on June 24.

Prior thereto, on June 3, I had addressed a letter to the Attorney General asking questions as to the topics embraced in the resolutions. Sunday I received from Douglas W. McGregor, the assistant to the Attorney General, a 10-page reply to my June 3 letter. Time has not permitted me to compare this McGregor reply with the answer which the Attorney General made to the Committee on the Judiciary. Since the questions were similar, however, I assume that the answers are similar.

I feel that I am speaking for 10,000,000 veterans and for scores of millions of other decent American citizens when I say that the case of Convict Serge Rubinstein is one of the most shocking in the entire history of our country. I daresay there is no Member of this House who has not been appealed to by the family of some GI from his home district who, after having fought through the hell of battle, and probably as a result thereof, went a. w. o. l., was charged with desertion, sentenced to prison for 5 years or longer, then was afflicted with a dishonorable discharge to blight the remainder of his life. This GI lacked highly placed friends and highly paid lawyers to smooth away his difficulties. Not so Serge Rubinstein. Serge Rubinstein dodged both service and battle. He got off with a 2½-year prison sentence from which good behavior will free him in nine short months.

From your district, Mr. Speaker, from my district and from the districts of every Member of this House, there were scores of boys who willingly answered the call of their country, suffered for their country, and never returned to their country. They lie buried overseas. But not Serge Rubinstein. His pampered body was not for battle. While American boys suffered and died Serge Rubinstein was mulcting millions of dollars from American investors. He utilized these ill-gotten gains to hire highly placed and high-priced lawyers to exempt him from battle by befuddling, delaying, and defeating the draft law. Then, with the war ended and no more danger to his sleek person, he is currently content with 9 months' incarceration—clean, healthy, and well-fed—in a tax-supported Federal penitentiary.

It is true that Serge Rubinstein was given an additional penalty, $50,000. That is small change to Rubinstein. He knows that his millions will be awaiting him when he steps through the penitentiary doors a few months hence. The war was good to him. It was not so good to GI Joe, whose pitiful pieces rot on Iwo Jima.

What persons, what bureaus, what departments are culpable in Rubinstein's preferential treatment?

Let us examine this fantastic case of Rubinstein in somewhat greater detail.

By his own sworn statement, made in the presence of his mother, he is a Russian-born bastard. His youth and young

manhood were spent in various parts of Europe, inclusive of education in Cambridge University, England. It was in France, however, that he commenced the financial manipulations which invariably brought two results—enrichment for Rubinstein and lawsuits by those who lost money at his hands. Serge Rubinstein learned how to handle lawsuits. They never appear to have damaged him seriously.

Rubinstein's first entry into the United States was on a passport issued by the French Government. He was en route to Japan as an owner or official of a British corporation with Japanese mining interests. Within some 4 months after one of his entries into the United States on this French passport, he suddenly, in March 1936, appeared at our border with the Portuguese passport he had acquired in Shanghai. This change in citizenship apparently caused Rubinstein no delay or embarrassment in entering the United States. He was skillful at perfecting arrangements. Then, on April 2, 1938, on his Portuguese passport, and despite his questionable background, he was admitted to the United States as an immigrant for permanent residence under the Russian quota.

It was not until February 7, 1941—nearly 3 years later—that the Department of State got around to inquiring of the Portuguese Ministry of Foreign Affairs as to the validity of Rubinstein's Portuguese citizenship. The Portuguese Ministry, in its reply of July 10, 1941, cited documents which, as per the current statement of the Attorney General, "were considered spurious by the American authorities." But it was not until April 3, 1943—a year and three-quarters later—that a deportation warrant was served. Meanwhile, the war had begun and Rubinstein, as per custom, was cleaning up in the New York Stock Exchange. Apparently he was immune from the regulations of SEC. In May 1941, the Portuguese consul in New York City not only certified to the validity of Rubinstein's Portuguese passport used by him in entering this country in March 1936, but even went further and stated that Rubinstein possessed a valid Portuguese passport in 1935 at the very time when he was using a French passport for his entry to this country. Rubinstein stayed on. In October 1943, the Board of Immigration Appeals ruled that charges in the warrant of arrest had not been sustained. It is significant to note that it was not until April 1947, that the State Department forwarded to the Justice Department a communication from the Portuguese Minister of Foreign Affairs to the effect that Rubinstein's Portuguese passport was invalid. Seven years had elapsed since the Department of Justice had requested the Department of State to obtain this information. It was only received during the month in which Rubinstein was sentenced in the United States Court for the Southern District of New York for violation of the Selective Training and Service Act of 1940.

Selective service caused Rubinstein some anxious moments, but not too anxious. I am told that his draft classification was changed no fewer than 15 times. At one time, a counsel in the employ of the House Committee on Military Affairs wrote a letter to General Hershey requesting that Rubinstein's I–A classification be appealed to the President. General Hershey refused to make the appeal, but the Attorney General has given me no information as to the circumstances under which this employee of the Committee on Military Affairs was so considerate of Mr. Rubinstein's skin.

Rubinstein's stock-market killings in the interim finally awakened the SEC. The United States attorney, however, found no grounds for prosecution.

Finally, on January 30, 1946, Rubinstein was indicted for evading the draft. The war was over. The crime cited in the indictment was committed in 1943.

Mr. Speaker, a train of circumstances such as I have recited does not just happen. I asked the Attorney General if rumors of purchase of influence, bribery or attempted bribery had been investigated. The Attorney General advises me, and I quote:

> As yet they have not been susceptible of proof and I would not wish to discuss them further at this stage. * * * Certain of these matters are receiving the continued attention of the Department.

Continued how long, I ask—for another 7 years? Mr. Speaker, the veterans of World War II want the facts—all of the facts—with regard to Serge Rubinstein. I am today introducing a resolution calling for a special congressional investigation.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Tennessee.

Mr. JENNINGS. The gentleman has rendered a fine service to the people of this country. I am just wondering if there is machinery, if there are laws, if there are officials who will take active, efficient, and determined steps to get that gentleman out of this country. If he smells like the penitentiary from now on, it would be a sweet-smelling rose compared to what his record is in this country.

Mr. BUCK. For the benefit of the gentleman I would say that I have been informed by the Attorney General that immediately upon his release from prison means will be taken to deport him. How successful those means will be, I do not know.

Mr. JENNINGS. In that connection, as far as I know, we just cannot get him out.

Mr. BUCK. Apparently not.

Mr. JENNINGS. We tried Harry Bridges from every angle of the compass and he is now a perpetual cancer on the body politic.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Pennsylvania.

Mr. WALTER. May I call the gentleman's attention to the fact that the alleged violation of the Securities and Exchange Act was submitted to a grand jury. As the gentleman said, the United States attorney did not act. Of course he could not act and did not act, because the Federal grand jury failed to indict Rubinstein.

Mr. BUCK. I thank the gentleman.

Mr. MICHENER. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER.]

Mr. WALTER. Mr. Speaker, because of the seriousness of the charges made by the gentleman from New York and also the accusations made by a certain broadcaster, at the request of the chairman of the Committee on the Judiciary, on my way to my district last week I stopped off at the Federal penitentiary at Lewisburg in order to ascertain whether or not Rubinstein was being accorded any special treatment; if he had a private apartment; whether or not his meals were being sent in from the outside, as was charged; and whether or not he was receiving an unlimited number of visitors.

My visit to the penitentiary was unannounced. When I got there I asked the warden to see Rubinstein and he said that he would send for him. Whereupon I said, "No, I want you to take me to him immediately." So I went through the penitentiary to the "apartment," if you please, which Mr. Rubinstein occupies. I found that he was quartered in a cell block with 40 other prisoners and that, despite the fact that he is a graduate of Cambridge, a very intelligent and successful businessman, he was performing the most menial job in the penitentiary. For you men who served in the Navy I need but say that he was "captain of the head," and you would recognize immediately what his duties were. I then went to the place where all visitors at the penitentiary are required to register.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield.

Mr. MICHENER. I served in the Army and never was in the Navy. I wonder if the gentleman could explain the duties of the "captain of the head."

Mr. WALTER. Never having occupied that high position myself, but, however, having assigned men to those duties, I speak with some degree of authority when I say he is the gentleman who keeps the gentlemen's room clean.

Incidentally, this prisoner's immediate superior was a hard-boiled, old Regular Army sergeant. If you can imagine the kind of treatment a draft dodger was receiving at the hands of his boss, then perhaps you know the kind of preferential treatment that was being accorded him.

An examination of the official records at the gate disclosed that Rubinstein has had three visits since he has been in the penitentiary, and each prisoner is allowed an hour visit a month. Two of the visits were from his mother and the third one from his wife and daughter. Each visit being of a half hour's duration.

After I had seen enough to understand that perhaps the sensational charges that were being made were being made for an ulterior purpose—certainly they were made out of whole cloth—I asked permission to talk with the prisoner.

I hold no brief for this prisoner. But he tells me the most amazing story I

have ever heard. Judge JENNINGS, when you said that he would be a cancer on the body politic permanently, you are dead wrong, because part of the sentence imposed carried with it his deportation because under the law, within 30 days, I believe it is, after a sentence for a felony is imposed, the court may within its discretion suspend the order of deportation. But at the insistence of the Attorney General the order of deportation was not suspended. The record discloses that the Department of Justice not only vigorously prosecuted the case against Rubinstein but insisted on an unprecedented amount of bail when the indictment was found. After Rubinstein was convicted the Department of Justice insisted that the judge impose a sentence of 5 years and to pay a fine of $50,000. I am reliably informed that the sentence imposed on Rubinstein was one of the most severe imposed on anyone convicted of draft evasion.

Furthermore, this man was denied bail on appeal. He has appealed his conviction, but the court refused to fix bail, at the insistence of the Attorney General of the United States. I think it is important that the Congress have before it these facts in deciding whether or not Serge Rubinstein has been accorded any special consideration.

Mr. MICHENER. Mr. Speaker, of course, the committee has no information other than what has been stated in the report of the Attorney General. The resolution which the gentleman from New York [Mr. BUCK] will propose, under the rules, will be referred to the proper committee. I can speak, I think, for any committee in the House when I say that that committee will give proper consideration to any resolution referred to it.

I was pleased with the report from the Attorney General, because it seemed to be responsive to the inquiry. In addition to the report, the Attorney General personally called the Judiciary Committee and said he had furnished, from the vast amount of material in the Department, the pertinent information answering the questions, but that he would be pleased, indeed, to confer with any Member of Congress at any time with reference to the matter, and to furnish any additional evidence. The same happened with reference to the State Department inquiry, except that the State Department sent a representative to the Committee on the Judiciary offering to be of any assistance and offering to provide any information available in the Department. In short, the Department of State and the Department of Justice were anxious to cooperate.

Mr. Speaker, I move that the resolution be laid on the table.

The SPEAKER. The question is on the motion of the gentleman from Michigan [Mr. MICHENER].

The motion was agreed to.

A motion to reconsider was laid on the table.

TERRITORY OF THE PACIFIC ISLANDS

Mr. FULTON. Mr. Speaker, by direction of the Committee on Foreign Affairs, I ask unanimous consent for the immediate consideration of House Joint Resolution 233.

The Clerk read the resolution as follows:

Whereas the United States submitted to the Security Council of the United Nations for its approval in accordance with article 83 of the Charter of the United Nations a proposed trusteeship agreement for the Pacific islands formerly mandated to Japan under which the United States would be prepared to administer those islands under trusteeship in accordance with the Charter of the United Nations; and

Whereas the Security Council on April 2, 1947, approved unanimously the trusteeship agreement with amendments acceptable to the United States; and

Whereas the said agreement, having been approved by the Security Council, will come into force upon approval by the Government of the United States after due constitutional process: Therefore be it

Resolved, etc., That the President is hereby authorized to approve, on behalf of the United States, the trusteeship agreement between the United States of America and the Security Council of the United Nations for the former Japanese mandated islands (to be known as the Territory of the Pacific Islands) which was approved by the Security Council at the seat of the United Nations, Lake Success, Nassau County, New York, on April 2, 1947.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. FULTON]?

There was no objection.

Mr. FULTON. Mr. Speaker, as a serviceman from World War II who served in the Navy in the Pacific, it is a pleasure to outline from first-hand information some of the facts and circumstances surrounding the Japanese mandated islands and the proposed trusteeship agreement under the United Nations Charter.

The islands concerned in the agreement are the Marshalls, the Carolines, and the Marianas. The Marshalls are best remembered for our great task force action when we took Kwajalein and Eniwetok. The Japanese Marianas were taken later when we took Saipan and Tinian and retook Guam. These islands were the base for the great bombing raids on Japan. The Carolines, lying farther south, included the Truk atoll, which, in the early part of the war, was the greatest Japanese fleet base away from Japan.

As former Senator Warren B. Austin, the American representative with the United Nations, stated in his presentation to the Security Council on February 26:

The tremendous strategic value of the mandated islands to Japan is evident, however, in the way these islands were used in carrying out its basic plan of aggression. Before Japan entered the war on December 7, 1941, she had established fortified positions, naval bases, and air bases in the islands of the Japanese mandates. As a whole, the islands formed a deep, well-defended barrier between the United States and Guam, the Philippines, and its British and Dutch allies in the Far East.

The Japanese hold on these islands forced us to circuitous routes, with a very long and costly turn-around for ships, in order to support the defense of Australia, and to maintain the resistance of China.

The total population of the islands is only 48,000, and this is scattered among the 98 islands and atolls over 2,600 miles of ocean. The entire area is economically poor. The population lives in backward conditions, producing for export only a small quantity of sugar, dried coconut, phosphate rock, and dried fish. The very thin distribution of the population of the whole area would make independent self-government impracticable.

Two of the island groups, the Marianas and the Carolines, were under Spanish sovereignty for a long time, until the end of the last century. Guam, in the Marshalls, was ceded to the United States after the Spanish-American War. In 1899 Spain sold the rest of the islands in the two groups to Germany. Germany had taken possession of the Marshall Islands for herself in 1885. Japan invaded these islands, which had no German garrisons, during World War I. The only exception was Nauru, which was occupied by Australia. After World War I the German rights were ceded by Germany to the Allied and Associated Powers and eventually were transferred as a mandate under the League of Nations to Japanese control. Japanese withdrawal from the League in 1933 raised the question of her status as a mandate power, but Japan maintained her mandate until World War II. The actual title to the territories was never vested in Japan, however, and this was accepted in principle by Japan itself. The Cairo Conference of November 1943, stated as one of the war aims of the United Nations the elimination of Japanese control over all the islands seized by Japan after 1914, and over all territories invaded by Japan more recently.

The disposition of such territory after the Second World War provided for in chapters 12 and 13 of the United Nations Charter. Specific provisions are made for the transfer of former mandates to the new trusteeship system, for the designation of strategic areas in mandated territory, for the protection of the rights of the native populations, and for the obligations of administering authorities for international peace and security in accordance with the principles of the Charter.

The decision of the United States to apply for a trusteeship over these territories was arrived at after lengthy discussions between the Departments of State, War, and Navy. The draft of a trusteeship agreement was submitted to all members of the Security Council and to other insterested states for their information in advance of its submission to the United Nations. Mr. Austin, the American representative, presented the draft agreement formally to the Security Council on the 26th of February last.

The Security Council considered the draft agreement at five sessions extending over a period of more than a month during March and April. It was finally approved unanimously on April 2 with three minor amendments. Mr. Austin had voted for these three amendments on behalf of the United States, and had refrained from voting against all other amendments not acceptable to the

United States in order to avoid using the veto power. None of the amendments on which he refrained from voting were passed.

The agreement itself, which is printed in House Document No. 378, provides for the welfare of the native population, for the security interests of the United States, and for the obligations of the United States as administering authority under the principles of the Charter. The provisions of the agreement concerned with the welfare of the inhabitants were also discussed by Mr. Austin in his statement:

Articles 6 and 7 of the draft trusteeship agreement submitted to the Security Council contain strong provisions relating to the political, economic, social, and educational advancement of the inhabitants of this territory and to guaranties of their basic human rights. These are the fundamental objectives of the trusteeship system, aside from the strengthening of international peace and security. The United States is glad to invite the members of the Security Council to make a searching examination of the provisions contained in these articles, not only in relation to the requirements of the Charter but in relation to the comparable provisions of the trusteeship agreements approved by the General Assembly last December. The United States believes these articles, taken together with other provisions of the draft agreement, provide a maximum degree of protection for the welfare and advancement of the inhabitants of these islands.

The agreement also permits the United States to declare any part of the area closed, in which case such part of the area shall not be subject to inspection by the United Nations. It also permits the United States to fortify any part of the area and to establish naval or other bases. The agreement cannot be terminated or modified without the consent of the administering authority, the United States. The agreement is to go into effect when ratified by the Security Council and by the United States.

The decision to approve the agreement by joint resolution, rather than by the consent of the Senate, was made, as indicated in the President's letter to Congress, on the ground that the future administration of the territory will be the concern of both Houses.

The approval of the agreement at this time will permit the introduction of normal civilian administration in the islands, and will establish United States control on a regular basis in advance of any treaty of peace with Japan. The naval administration of the islands must continue until the trusteeship is regularized.

Mr. MANSFIELD of Montana. Mr. Speaker, I am wholeheartedly in accord with House Joint Resolution 233 and I want to compliment my colleague, the gentleman from Pennsylvania [Mr. FULTON] for the statesmanship shown in introducing this legislation and his ability in presenting the case for it.

My views on the ex-Japanese mandates are well known and I am happy to join with the gentleman from Pennsylvania in urging that the House consider this important resolution and give to it immediate approval.

The national security of the United States is protected by this measure which, when passed by the Senate and signed by the President, will give us the kind of a title to the new Territory of the Pacific that we should have and which we have earned.

Mr. Speaker, I insert with my remarks excerpts from a report I made to the House on February 3, 1947, and which deal with the Japanese mandates and their administration:

On December 10 I arrived at Peleliu in the Palaus and immediately went by seaplane to the island of Anguar to look into the disposition of the phosphate deposits there. We have a million tons of this valuable commodity in Anguar and a contract has been let to an American concern—the Pomeroy Co.—to get it out. It is being sent to Japan, in Japanese ships, to help rehabilitate the soil there and thus to make that country become more self-supporting. The natives are being paid 55 cents a day, and Japanese sent from Japan $3.50 a day. The American workers are paid at prevailing stateside wages. The phosphate is to be mined at the rate of 300,000 tons a year.

The phosphate at Anguar is extremely rich and valuable for medicinal purposes as well as for use as fertilizer. This phosphate could be used in Hawaii, where it is needed badly, or by nations like the Philippines and China allied with us in the war. There are approximately 200 American civil employees here and the contract is on a cost-plus-fixed-fee basis, which could bear looking into. Furthermore, according to the Great Falls (Mont.) Tribune of December 19, 500,000 tons of Montana-Idaho phosphate have also been scheduled to go to Japan and Korea immediately.

From Anguar I went to Koror, which used to be the seat of the Japanese South Seas government and which directly ruled all the mandated islands. There was much permanent building done here, and all indications pointed to the Japanese being there to stay. In the back of the governor's mansion there was a grass inlaid map of the Palaus, which was remarkable for its intricate detail. The Japanese had 35,000 troops on Koror, but we never did attempt to take the island.

From Koror I went by boat to Babelthuap, the largest island in the group, and visited some native villages and schools. In the Palaus the children are being taught English, which they have to learn from Japanese characters. They seem to be learning our language fairly rapidly.

We have a lot of surplus equipment in the Palaus which we might as well forget because it is either useless or will be soon. Many of our Pacific-island holdings are now Quonset-hut affairs. The U. S. Commercial Company, a subsidiary of the RFC, has a monopoly on trading with the natives in our newly acquired possessions. This organization encourages the native handicrafts and buys what the natives produce and then sends it to the United States for sale. Much that the natives produce is crude, but, with a market, their handicraft can be improved and their subsistence, in part at least, can be taken care of.

The Japanese built up strong defenses, not as complete as those at Truk, but more powerful than those normally built at an outlying base. The Palauan fortifications suffered the first attack when the Eighty-first Army Infantry Division stormed the shores of Anguar about a week previous to the assault on Peleliu by the First Marine Division (reinforced) on September 15, 1944. The Army supported the Peleliu invasion with artillery fire from Anguar during the early stages of the attack, and 2 weeks later the Army joined the marines on Peleliu to aid in the fight. By November 1944 Peleliu was secured.

No attempt was made to invade the major islands north of Peleliu, but, with the two bases, Peleliu and Anguar, being operated mainly as air bases, our planes were able to keep the other islands in the Palaus constantly harassed and subdued. These islands capitulated after VJ-day.

Palau has great military and commercial importance and has been for years the center of Japanese political control of all her Pacific mandated islands. In this island group the Japanese operated a major military base, a fleet anchorage and supply base, an airfield, and seaplane bases—near Koror.

Palau's location gives it considerable strategic importance. One thousand miles west of Truk and only 530 miles from Davao in the southern Philippines, it commands the sea and air routes from China and Japan to New Guinea and the western Dutch East Indies. For this reason it was an important transshipment point for movements of enemy ships, troops, planes, and supplies to the southwest Pacific theater of operations.

From the Palaus I went to the Truk group in the eastern Carolines. Our military government headquarters are located on Moen Island. This island—and all the others in this group—are beautiful. Moen has such things as waterfalls, dense vegetation, and a heavy precipitation. I also visited the islands of Homulum, Udot, Dublon, and Uman.

The people here are light brown in appearance, very docile, and easy to handle. We were entertained on all the islands by singing and dancing. There are about 10,000 inhabitants in the Truk group compared to 5,900 in the Palaus. Both the Trukese and the Palauans impressed me as a happy but bewildered people. They do not look upon us with enthusiasm, but only as the successors to the Spaniards, Germans, and Japanese—all of whom have ruled over them in the last 50 years.

The diseases of greatest prevalence in both groups are tuberculosis and intestinal parasites. Due to the use of penicillin, yaws—which used to be quite prevalent—have been cleared up; there is no indication of syphilis and very little gonorrhea. Sanitary habits are being introduced by the Navy and outdoor toilets are much in use.

Neither the Palauans or the Trukese care to work too much as they have all the necessities of life, except tobacco, and in this respect they are rationed at the rate of four cartons a month. The standard rate of pay in both groups is 40 cents a day.

Truk was not the Japanese "Pearl Harbor" which the American public had been led to believe. The Japanese had a battery of eight 8-inch guns on Moen and a system of caves on all the islands similar to those in use in Japan. Dublon Island was their headquarters and from there the movements of their Fourth Fleet and Thirty-first Army Division were directed. Fortifications were of a very weak character and kind. There was no sign of permanency here as was indicated at Koror in the Palaus. Truk lagoon is large enough to take care of the entire United States Fleet, but to make it practicable a great deal of blasting and dredging would be necessary.

From Truk I proceeded to Kwajalein in the Marshalls, where a good job is being done in administering the islands and their people. Here—as elsewhere in the mandates—there is a lack of personnel and of shipping. However, the situation in these respects is better in the Marshalls than elsewhere because of our earlier occupation. Soil conservation and revegetation programs are in effect, medical services are good and more than one-half of all able-bodied Marshallese are working for the military government or the USCC. The natives are a likable and cooperative people who, in time, can again become self-supporting.

A special word should be said about the natives removed from Bikini for the atom bomb tests. They are located on the island of Rongerik, number about 170, and 60 percent of them are women. They are very unhappy in their new location and desire to

return to Bikini. Because of the infertility of Rongerik they will very likely have to be moved again to a more fertile island or, as an alternative, we must be prepared to subsidize them indefinitely.

Insofar as my own personal views on the mandates are concerned, I covered them in a speech on the floor of the House on April 18, 1945. I would prefer to have the United States assume complete and undisputed control of the mandates. We need these islands for our future defense, and they should be fortified wherever we deem it necessary. We have no concealed motives because we want these islands for one purpose only and that is national security. Economically they will be a liability, socially they will present problems, and politically we will have to work out a policy of administration. No other nation has any kind of a claim to the mandates. No other nation has paid the price we have. These views of mine are not new nor are they the results only of my recent investigative trip to the Pacific. Rather, my stand has been accentuated by what I have seen and I am more firmly convinced than ever of our great need for control of the mandates.

If, however, it does become necessary to create a trusteeship for these islands, I would favor the proposals made by our State Department and President Truman which would place the mandates under the United Nations with the consideration that they should be cataloged as a strategic area outside the control of the Trusteeship Council. On this basis, supervision would be exercised by the Security Council which has jurisdiction over such strategic areas in the interests of collective security. But, and this is important, the United States has a veto over the Security Council should it ever want to assert effective control.

If the Security Council blocked acceptance of America's terms for taking over the mandates as a strategic area, the islands then would remain under our control. It is worth remembering also, that until a treaty of peace is signed with Japan we have no legal title to the mandates.

The question of government is bound to be an important consideration. For a long time I have studied the possibility of civil government for the mandates, but, desirable though that would be, I have come to the conclusion that the only way they could be governed for the present would be by the Navy on the same basis as Guam and Samoa are administered. Personally, I would rather have a civil administration over the mandates, but, in view of practical and realistic considerations, I am forced to the conclusion that the Navy would be the best administrator. It would have the best and only means of maintaining liaison between the various islands and it would have the only trained personnel to carry out the job of administration. Stanford University, which has the task of training military government men for administration of the islands, has done an outstanding job in this respect, and both it and the Navy are to be complimented for the initiative shown and the progress already made. I should suggest, though, that the Navy give to its military government personnel a special status apart from its regular seagoing personnel so that they could be given the recognition they deserve and so that they could deevlop the esprit d'corps necessary to carry out the functions assigned to them. This, I think, would do away with the dissatisfaction I noted on my trip and give to these specialists the status they are entitled to.

I should like to repeat, in conclusion, that my own personal opinion is that civil administration would be best for the mandates. This, however, is impractical at this time, due to the circumstances mentioned. It is necessary, though, that the eventual change over to civilian control be given a thorough study by the Navy Department so that recommendations can be made at the appropriate time to achieve this goal.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, its clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3647) entitled "An act to extend certain powers of the President under title III of the Second War Powers Act."

AMENDMENT OF NATURAL GAS ACT

Mr. RIZLEY. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 278).

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4051) to amend the Natural Gas Act approved June 21, 1938, as amended. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. RIZLEY. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH] and yield myself 5 minutes.

The SPEAKER. The gentleman from Oklahoma is recognized for 5 minutes.

Mr. RIZLEY. Mr. Speaker, this rule makes in order the bill (H. R. 4051) amending the Natural Gas Act of 1938 as amended.

The Interstate and Foreign Commerce Committee of the House voted unanimously to recommend passage of H. R. 4051 which was offered for the purpose indicated in its title. This is a bill I introduced as a substitute for H. R. 2185. I may say in passing that the gentleman from Ohio [Mr. CARSON] and the gentleman from Tennessee [Mr. DAVIS] introduced identical bills with H. R. 2185. All of these bills were the basis of extensive hearings conducted by the Committee on Interstate and Foreign Commerce. The original bill I introduced was introduced early in April. Following that for several days the Committee on Interstate and Foreign Commerce conducted hearings under my bill at which time they considered the bills introduced by the gentleman from Tennessee and the gentleman from Ohio.

The Natural Gas Act was passed in 1938. The purpose of that act was to provide authority for the regulating of the interstate phase of the transmission and sale of natural gas. The administration of that act was delegated to the Federal Power Commission. It has become necessary at other times to correct by legislation the course of an administrative agency which has misapplied through interpretation of regulations the authority vested in it by statute; and it is because of what we contend—and I think there is no serious dispute—has happened in the administration of the act that makes this legislation necessary.

The hearings held by the Committee on Interstate and Foreign Commerce were exhaustive. It is a fair statement, I believe, to say that these hearings revealed fully the encroachment by the Federal Power Commission upon: First, the State authority over the production and gathering of natural gas in the field end of the natural-gas business; and, second, the State and municipal authority over sales and distributions on the consuming end.

The hearings revealed that the regulatory power of the Commission as administered has created confusion and actual interference with the industry. The uncertainty extends even to the production of petroleum, as a great percentage of our natural gas, as many know, is produced from wells which also produce oil. The provisions of H. R. 4051 if enacted into law will accomplish the following purposes:

(a) Prevent the Commission from exercising jurisdiction over production and gathering of natural gas and functions and facilities related thereto. That is the very thing that was intended in the 1938 act. It was spelled out in that act or at least everyone thought it was spelled out to the extent that no attempt would be made by an administrative body to attempt to exercise jurisdiction over production and gathering, but the contrary has resulted.

(b) To define clearly and unmistakably the terms used in the Natural Gas Act.

(c) Permit the voluntary operation of interstate natural gas pipe lines for hire as common carriers; and I might say that that is a new phase of the law. The original 1938 act had no provision for making common carriers out of any natural gas lines. This provision was not in ths bill as I originally introduced the bill, but after hearings before the committee and before the bill was finally approved by the Interstate and Foreign Commerce Committee, this amendment was inserted, I will say, by the members of the Interstate and Foreign Commerce Committee, and this amendment was adopted and put in the bill before I introduced the present bill as a clean bill and is in the bill H. R. 4051.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from Tennessee.

Mr. PRIEST. Would the gentleman have any serious objection to the elimination of that provision from the bill?

Mr. RIZLEY. Let me say to my distinguished friend from Tennessee that he puts me in a rather awkward position.

Mr. PRIEST. I did not so intend.

Mr. RIZLEY. The amendment was not included in the original bill I introduced. After hearings before your committee and in view of many questions that were directed to various and sundry witnesses by members of your committee, it is my understanding that the committee in its wisdom thought that provision or a similar provision should be put in the bill. I would hesitate to consent to strike out a provision or section of the bill put in the bill by the gentleman's fine committee. I am very grateful for the very fine attention that your committee gave me and for the very excellent manner in which it conducted the hearings.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. RIZLEY. Mr. Speaker, I yield myself 10 additional minutes. I continue with the provisions of the bill:

(d) Require the FPC, in rate-making determinations, to allow as an operating expense the prevailing market price of natural gas except where election is made to include investment in and cost of producing and gathering facilities in the rate base.

I think I ought to say something about that provision. It amends the language that is now in the act with reference to the yardstick that shall be used by the Federal Power Commission in fixing rates for the gas companies.

THE COMMISSION'S RATE-MAKING PRACTICE

The Commission's present practice is to consider all properties of a natural-gas company as being subject to its rate-making powers. In fixing wholesale rates it—

First. Determines the costs incurred in all phases of the business of the company, production and gathering as well as transportation.

Second. Determines the amount paid those from whom it purchases gas.

Third. Determines a 6½-percent return or earning on the depreciated original cost of all properties of the company, including production and gathering properties as well as transportation properties.

The sum of first, second, and third is then divided by the number of cubic feet sold in the test year to determine the wholesale price to be charged distributing companies at the outlet of the pipe line.

Under this bill the Commission will not be interested in determining the cost of producing gas. It will—

First. Determine the market value of the gas produced by the company from its own leases.

Second. Determine the amount actually paid by the company for gas purchased from other producers.

Third. Determine a fair compensation for gathering the gas and assembling it at the inlet of the transportation line.

The sum of first, second, and third will represent the allowance to be made the company for gas at the inlet of the interstate transportation system. To that sum the Commission will add what it finds to be a fair return—now 6½ percent under the Commission's policy—on the investment in transportation facilities. In that way the Commission will arrive at the amount of money which is to be divided by the number of cubic feet sold in the test year in order to determine the price the company will be permitted to charge distributing companies.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from Illinois.

Mr. MASON. Is this the clause in the bill that our people at home, the city officials, are objecting to because they say it will raise the cost of the gas to the citizens?

Mr. RIZLEY. The gentleman is correct. This is the provision in the bill that numerous officials of some of the cities over the country have written in about. Some of them are apprehensive that this bill might increase the price of gas to the consumer. May I say to the gentleman from Illinois, and I think it is a fair statement, that these letters began to come in after a terrific bombardment was made by the Federal Power Commission against all of the provisions of this bill. I am not going to say that the changing of this yardstick will not increase the rates, but if it does, it would be so nominal that no consumer would be hurt, and I doubt seriously whether it would increase the rate to the consumer, because it will make possible so much additional gas if we get this bill through for the communities such as the gentleman serves, and I think the price will adjust itself without any appreciable increase to the consumer.

Mr. MASON. Will the gentleman clear up the statement that the provisions of the bill would in all probability make for an increased supply of gas which naturally would beat the price?

Mr. RIZLEY. I am glad to do that. Unless we get some legislation that will cure present impediments by FPC to the production and gathering of gas, unless we get some legislation that will again let the industry produce, the situation will not be remedied. I may say there are billions, yes, trillions of cubic feet of natural gas going to waste, and popping off in the States of Texas, Oklahoma, Louisiana, and elsewhere.

The oil companies who have to produce the gas in order to produce the oil, and who will not attempt to do anything with the gas, under the rulings that have been made by the Federal Power Commission because they are afraid that they will be established as a natural-gas company and of course they could not afford to operate if their oil companies are going to be classified as natural-gas companies, consequently that gas is going into the air. If we get the provisions of this bill through, I am sure that an accelerated supply and use of gas will be made; that there will be so much gas and so much competition in the gas business that the price will be very nominal. After all, competition is one of the best things to keep prices in line.

Let me say to the Members of the House that statistics show that the price of natural gas has increased probably less than any other fuel commodity in this country in the past few years. Coal has gone up tremendously.

Mr. BECKWORTH. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from Texas.

Mr. BECKWORTH. I think it would be of interest if the gentleman would explain why the companies fear that they will be classed as utilities, and the penalty they will have to pay therefor, which, to wit, is the 6½ percent return.

Mr. RIZLEY. Well, they could be classified as a natural-gas company because the Federal Power Commission has asserted jurisdiction over the production and gathering to such an extent that even though the main business of the company is producing oil and the gas is merely an incident thereto, nevertheless they are fearful they might be held to be a natural-gas company. Consequently they would come under the rules which would allow only 6½ percent return on their investment when, as a matter of fact, the manufacture of gas is only an incident to the production of oil.

Mr. BECKWORTH. In other words, a 6½-percent limitation would cause them not to want to do those things that might possibly classify them as utilities.

Mr. RIZLEY. Yes; may I say not only not want to, but they will not do it, and no other sane businessman would do it.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from Indiana.

Mr. SPRINGER. On page 10 of the report where reference is made to direct sales, some consumers in my district are very much confused over the language used in the report. The report, as the gentleman knows, will be looked to for the purpose of interpreting what this law is and what it means.

One provision states that the pipe line does not occupy a utility status with reference to direct sales. I would like to have the gentleman clarify that matter, if he would, and to make specific in the RECORD just exactly what that provision means and whether or not it does apply to this act which is now before the House and whether or not it does occupy a utility status.

Mr. RIZLEY. Let me say to the gentleman that when the committee report was prepared under the direction of the very able member of the committee, the gentleman from Ohio [Mr. CARSON], that not only in the committee report did they attempt to explain all of the provisions of the act, but they took care of some amendments that had been offered by various interested organizations throughout the country, which were not accepted, and in this particular instance they set out in the report the reasons why the amendment offered by one of the interested persons was rejected.

This bill does not change the law one iota so far as direct sales by pipe lines to industrial consumers are concerned. The gentleman from Indiana will note the exact language of the report—and I quote:

The bill makes no change in the present law as to direct sales by pipe lines to industrial consumers, which sales, under the Natural Gas Act, are exempt from Federal Power Commission jurisdiction.

They are exempt now and they will be exempt when this bill is passed. It does not change it in this respect. Further questions from the report:

Your committee feels that no change is necessary in the public interest. Your committee has considered the amendment offered by the National Association of Railroad and Utility Commissioners, proposing to permit the various States to exercise judisdiction over direct sales, and has concluded that the adoption of the amendment would not be in the public interest but would be more likely to add to the existing confusion.

What they mean by that is that it does not occupy a utility status so far as giving the Federal Power Commission jurisdiction over their sales now nor will it when this bill is enacted. The language may be a little confusing, but that is all that means.

Mr. SPRINGER. As I understand, those direct sales are the sales that are made to businesses and factories.

Mr. RIZLEY. That is right, industrial sales along the line. They are the sales that are made.

Mr. SPRINGER. What effect will that have on the small household consumer?

Mr. RIZLEY. It will have absolutely no effect. The Federal Power Commission under its general powers, which we are not changing here at all, has ample and sufficient power to control that sort of situation if it should arise; but in order to make doubly sure and arrest the fears of some of those who thought that maybe they ought to have an additional protection, the committee very wisely adopted a new section and put it in the bill. It is section 6.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. RIZLEY. Mr. Speaker, I yield myself five additional minutes.

Section 6 reads:

Section 7, as amended, of said Natural Gas Act is amended by adding at the end thereof the following subsection:

"(h) It shall be the duty of every natural gas company furnishing natural gas directly or indirectly to any distributing company for distribution and resale to the public as a public utility service to furnish and supply service which is reasonable, having regard to the public utility character thereof, and to the duty of such distributing company to supply reasonable service to its customers. The Commission shall have power upon complaint or upon its own motion, after notice and opportunity for hearing, by order to require any natural gas company to perform its obligations under this subsection and to install and maintain such service instrumentalities as shall be reasonably necessary for that purpose. With respect to trunk transmission facilities this subsection is subject to the proviso contained in subsection (a) of this section."

In addition to the general powers the Commission now has, in addition to this section which we put into this bill, before any pipe line company makes any deal with any distributor, in order to assure that there will be an adequate supply of gas, before they make a contract with the distributing company that contract has to be approved by the Federal Power Commission. The gas company must be able to show and convince the Federal Power Commission that they will have an ample supply of gas to serve the city or the municipality they are going to serve before they can get a permit to build a line to that city. They not only have to sign a contract to the effect that they will furnish an abundant supply of gas but they are required to set out and furnish to the Commission a statement showing that they have an abundance of gas in reserve as a guarantee to that city.

Mr. SPRINGER. Then it has to be approved by the public utility commissions in the several States, does it not?

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. BATES of Massachusetts. Recently the natural-gas companies purchased the Big and Little Inch pipe lines.

Mr. RIZLEY. That is correct.

Mr. BATES of Massachusetts. Can the gentleman inform the Members of the House to what extent the full capacity of these two pipe lines will be used if and when this natural-gas program is fully developed?

Mr. RIZLEY. May I say to my distinguished friend from Massachusetts that it is my understanding that they expect to have them in full capacity use in order to take care of any potential shortages that may come about this fall. This bill does not relate in any way to the Big Inch or Little Inch pipe lines.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. GROSS. I want to say to the gentleman that I am going to support your resolution. I will tell you why.

When coal miners and operators jointly get together and force the price of coal so high that even a coal miner cannot burn coal in his home to keep his family warm, it is about time we started protecting the public against that kind of stuff. I am going to support your resolution.

Mr. RIZLEY. I appreciate the gentleman's support.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. JAVITS. I have some telegrams which indicate that the consumers were not given an adequate hearing before the committee in connection with this bill. Is there anything to that assertion?

Mr. RIZLEY. I am afraid those telegrams must have emanated from some propaganda sponsored by someone opposing this legislation because I thought the committee heard everybody who wanted to be heard.

I yield to the distinguished chairman of the Committee on Interstate and Foreign Commerce, the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Speaker, in answer to the question which has just been suggested by the gentleman from New York, I would like to say that hearings were held on this bill on April 14, 15, 16, 17, 18, and May 28 and 29. They covered over 700 pages and everybody who made an application to be heard by the committee was given that opportunity.

Mr. JAVITS. I thank the gentleman.

Mr. WORLEY. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. WORLEY. If this legislation is not passed, there is absolutely no limit whatever to how far the Federal Power Commission will go in reaching out to get more and more powers which the Congress never intended them to have.

Mr. RIZLEY. That is exactly what we think, I will say to my friend from Texas.

If I may be permitted to proceed—if the natural gas industry is to produce and deliver to the hungry, consuming public that wants and needs natural gas, it is imperative and necessary that this bill be passed.

I think, in closing, Mr. Speaker, no stronger language for the necessity of this legislation can be found than that contained in the statement of the present Chairman of the Federal Power Commission, Mr. Smith, in his opening statement at the Kansas City hearings on docket 580.

You will remember that about 2 years ago a resolution was put through authorizing the Federal Power Commission to make an intensive study of the whole natural-gas industry and they held hearings all over the country at various and sundry places. Among other places, they held a hearing at Kansas City. They were supposed to file a report sometime last summer and then again last fall. Then they said they would have it ready when Congress convened this year. They did not have it ready, and they thought they might have it ready by June. Well, it is not ready yet. But I find that when Congress is in session and when there is some legislation pending they follow pretty closely the rules and regulations laid down by the Congress, but as soon as Congress adjourns, then those opinions which hamstring the industry in every way, shape, form, and fashion begin to show up. It will be interesting to note that one of the things we charged the Federal Power Commission with is their delay. People try to build some gas pipe lines and there is a great delay.

It is interesting to note that one case which had been pending for over 5 years, another that had been pending over 3 years, decisions were rendered, I think, about the 28th day of May, or thereabouts, and about the time the Committee on Interstate and Foreign Commerce was ready to report out this resolution.

I think this legislation is absolutely necessary. No one is more interested in the consuming public than am I, and I want to emphatically say to the membership of this House that, if I thought this bill would raise the rates of gas to the consumers of this country to any appreciable extent or would hurt the consumers, I would not be for this bill.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. RIZLEY. I yield.

Mr. JENNINGS. The purpose of the bill, as I understand it, is to get gas to the consumers?

Mr. RIZLEY. That is it exactly. The Federal Power Commission says something ought to be done. They released some reports, after we introduced this legislation, stating that something ought to be done about it, but they said, "We

will correct it by administrative procedures. We do not need any further legislation." I think Congress should make the rules, not the FPC.

The SPEAKER. The time of the gentleman from Oklahoma has again expired.

Mr. SABATH. Mr. Speaker, there being no hearings obtainable on this bill, I must go upon the records that I have been able to find in the last few days.

I find that this bill was introduced on July 1, reported July 7, a rule granted July 9, and today, July 11, it is here before us, notwithstanding the fact that many bills in the interest of all the people are reposing in committee rooms. I venture to say, especially in view of the many questions that have been asked, that very few Members know the far-reaching effect of this bill.

I am pleased that the gentleman from Oklahoma [Mr. RIZLEY], whom I consider a very capable gentleman, has, to the best of his ability, presented this bill.

Mr. RIZLEY. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes, I yield.

Mr. RIZLEY. I know my distinguished friend from Illinois wants to be fair about this thing. This particular bill, 4051, was actually introduced on July 1, but it is a bill that is the culmination of hearings on H. R. 2185 and two identical bills, one introduced by the gentleman from Tennessee [Mr. DAVIS] and one introduced by the gentleman from Ohio [Mr. CARSON], after extensive hearings, as the chairman has said, from April up until that time. After the committee had gone over the bill and taken out some things and put in some other things, and said, "Here is the pattern of a bill we want," then I introduced a clean bill. This bill, H. R. 4051, is that clean bill. I know the gentleman wants to be fair.

Mr. SABATH. I only know I could find no hearings. I was informed none had been printed. I am glad to know that, especially in view of the statement by the chairman of the committee, but I had no evidence and no information when the first bill was introduced or that hearings had been held. In fact, I had been urged by some citizens from my State to oppose the bill, because they did not obtain an opportunity to present their case and give their reasons against the adoption of this bill.

I will be perfectly candid. I cannot for the life of me explain the bill, because all I have been able to get is the report, and I just got that this morning. It is so printed that with my poor eyesight, though I searched to the best of my ability, I was unable to find anything that would help the consumer and the public in the bill. I know only the bill restricts the power of the Federal Power Commission.

I know that the Federal Power Commission has held hearings all over the United States for nearly 2 years and has expended a great deal of money. Before we act on this legislation I believe we should have the report of this Commission and its findings. I believe this membership should know what we are voting for and how far-reaching this bill is.

My colleague, of course, states that the increase in cost to the consumer will be only nominal. Oh, I have heard such things so often, so often. When they say "nominal" I know, of course, what that means to them. It will appear nominal, but to the consumer it will add additional cost to the already high cost of living. Somehow or other the bills that have been brought in here within the last few weeks have all added to the cost of living, whether it was the wool bill, the rent bill, the sugar bill, or now the gas bill.

I do not know whether you know it or not, but the fact is we have in this country a tremendous quantity of gas. I understand we have nearly 3,000,000,000 feet of natural gas. In that connection I ask the attention of the chairman of the committee, or of the proponent of this bill, does this bill not also apply to gas that will be produced from coal? The reason I ask this question is because 2 or 3 years ago upon the urgent plea of the gentleman from West Virginia, Mr. Randolph, this House, I think, appropriated about $40,000,000 for the purpose of constructing pilot plants for developing practical methods of making producer gas from the cheaper grades of coal. I want to know now whether this restriction upon the Commission will also control the restriction upon the price of gas that will be produced from the coal for the development of which we have expended $40,000,000, or at least, authorized that expenditure? It will inure to the benefit of producers and the operators of natural gas.

This law was originally passed in 1938. It was amended in 1942, and I do not understand that so far these gas companies have not lost any money; in fact, all have been prosperous—the same as all other industries. The only thing I have in mind is that I feel we should start some day to protect the consumer. The consumer is not desirous for this legislation. It is these companies which have done fairly well. Sure, there has been some litigation, there have been some disagreements, because the companies refused to comply with the rulings of the Federal Power Commission.

And then I say this: the Federal Power Commission is acting for the Government, for the protection of the American people. Their rulings do not inure in any way to the personal advantage or benefit of the Commissioners. As I understand the functions of the FPC, its duties are to safeguard the interests of the consumers, and to protect our natural resources, and make fair rules of competition. The power and jurisdiction we gave the Commisison in the original act is being whittled away by this bill, and its capacity to protect the consumer diluted. This of course is not particularly pleasing to the big pipe-line companies and retail sellers because the Commission has restrained them in their manipulations tending to increase the cost of gas in homes and to exploit the natural public resources of our Nation.

It is the sworn duty of the Commission to enforce the act in accordance with the law to the best interests of the public.

Let me say before I go further that I do not know a single member of that Commission, but naturally, having acted for all these years they must have been outstanding men.

They would not have been appointed if they did not have a reputation justifying their approval by the Senate of the United States. With all due deference to my friend from Oklahoma, and in view of the above, I hope when the bill comes up under the 5-minute rule that serious consideration will be given it. I am not going to oppose the rule because it would be useless and because I always believe the Members of the House should have the right to pass upon any bill reported by a legislative committee. This bill has been so reported and a rule on it has been granted by the Rules Committee. However, I feel that the bill goes too far. It deprives the commission of rights and powers that will cripple its activities so far as enforcing the law is concerned. I hope when the bill is being considered under the 5-minute rule that some gentlemen who are members of the committee, and other Members who know more about it and have had a greater opportunity to study and familiarize themselves with the bill, will act in the interest of our Nation and of the consumers so that we will not divest the commission of needed powers and give the gas companies complete and full opportunity to do as they please, as most of these companies apparently do in disregarding rates to consumers. The main object in their mind is how much money can we get out of the public? How much money can we make? How much profit can we make?

Mr. CARROLL. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Colorado.

Mr. CARROLL. I agree with the gentleman that this is a very important piece of legislation. One witness appearing before the committee made some very serious charges against the effect of this legislation. This witness, who is a lawyer, and vice chairman of the committee on gas and electric rates of the National Institute of Municipal Law, representing the United States conference of mayors, composed of over 200 cities, said that over a period of 9 years, as a result of existing law, consumers of this Nation have been saved approximately $150,000,000. I know that in Denver there has been litigation on this very question and the consumers of that city were repaid $4,000,000 by virtue of overcharges. The charge is made by this witness against the legislation—I do not say it is true, I say the charge is made, therefore merits consideration by every Member of this body—the charge is made that the proposed change will result in rates throughout the country being increased, with greater profits and it is stated:

> Undue profits will be enjoyed by pipeline and gas companies throughout the country.

If that charge is true, we should seriously consider this legislation instead of having it come out here and being passed with 24 hours' consideration, and I say 24 hours because the record of the testimony of the witnesses has only been available within the last 24 hours.

Mr. SABATH. I thank the gentleman from Colorado. I heard the same charges made by outstanding people in my State in whom I have confidence. I know that the mayors of our cities would not oppose this restriction of power of the Federal Power Commission if they thought it would be in the interest of the people whom they represent in the various localities and various cities.

I am interested in fair and square dealing and fair play, and I think this is again legislation that gives the natural-gas interests additional power, privileges, and opportunities to overcharge solely for the purpose of gaining additional profits.

Mr. Speaker, I yield back the balance of my time.

Mr. RIZLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Speaker, the bill before us today, H. R. 4051, introduced by the gentleman from Oklahoma [Mr. RIZLEY] proposes to amend the Natural Gas Act so as to permit the natural gas industry to perform its proper function of providing gas to all markets where there is a demand for it.

I might say that I come from a district in western Pennsylvania that has been producing gas for many years. Last winter it was necessary for us to ration gas, the first time gas has been rationed to my knowledge. I am greatly interested as are my people and the industrial life of my district in serving an additional supply of gas to supplement the rapidly depleting gas supply available in western Pennsylvania. I think this proposed legislation will make a very fine contribution toward clearing up uncertainties and getting us the gas we need for industrial and domestic users.

Since many of my constituents are producers of natural gas, it is only natural that I am vitally interested in any legislation amending the Natural Gas Act, and because of that I want to urge my colleagues in the House to read the committee report and acquaint themselves with the Rizley bill. For I am certain that anyone fully understanding its provisions will vote to support it.

In passing the original Natural Gas Act Congress purposely wrote in the specific language exempting from Federal jurisdiction the production and gathering of natural gas. This was done because it was realized that the producing States had jurisdiction over these activities and would properly carry out their duty to properly administer that jurisdiction. Likewise, the regulation of local distributing companies was specifically denied in the act to the Federal Government, leaving that field to the States, as it should be. In other words, Congress intended that the Federal Power Commission, to which was entrusted the administration of the Natural Gas Act, should be restricted to jurisdiction over the transportation and rates of gas only from the inlet of the interstate trunk transmission line to the outlet of the interstate trunk transmission line.

The FPC, however, has sought to extend its jurisdiction both into the production and gathering field and into the local distributing field, and as a result there exists confusion in the natural gas industry.

Mr. RIZLEY's bill will eliminate this confusion, will make it unmistakably clear as to the extent of FPC jurisdiction.

Under present policy, also, the FPC contends that the value of gas as a commodity depends upon who owns the gas. It fixes one price for one owner, and another for another owner, despite the fact that the two owners produce gas in the same field. The bill, H. R. 4051, also will correct this inequity.

Enactment of the bill would, in my opinion, permit the industry to function in the best public interest, would place the royalty owner and producer as well as the local distributing company under undisputed regulation of the State agencies where such regulation belongs, would result in making markets available for the huge reserves of natural gas, and would assure to the consumers in nonproducing States plentiful and continuous supplies of this fuel.

I trust that H. R. 4051 will be overwhelmingly approved.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLVERTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4051) to amend the Natural Gas Act approved June 21, 1938, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4051, with Mr. CLASON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLVERTON. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill (H. R. 4051) proposes amendments to the Natural Gas Act to redefine the area of jurisdiction of the Federal Power Commission over the interstate gas pipe line industry. It is the result of extensive hearings and deliberations by our committee on several bills introduced to ameliorate the problems arising from the Commission's administration of the act and the interpretation placed on the act by the Commission and by the courts.

Recognition of the existence of these problems is not of immediate origin. In 1944 the Commission itself undertook a general investigation into the natural-gas industry for the purpose of examining into and reappraising the statute and the Commission's policies and procedures thereunder. The investigation has been completed, and the Commission is in process of issuing staff reports for comment and guidance.

This investigation and the data presented at the committee hearings have pointed up the need for clarifying legislation. The decision of the Supreme Court several weeks ago in the matter of the Interstate Natural Gas case, however, has sharply brought into focus the need for early legislation. This case deals with the all-important exclusion of Federal Power Commission jurisdiction over the production and gathering of natural gas, thought to have been provided by section 1 (b) of the original act.

There can be little question that there was any doubt in the minds of the Congress when in 1938 it passed the original act that it intended to exert and to delegate to the Commission jurisdiction in interstate commerce only over areas not then effectively controlled by State regulation, and that assumedly production and gathering operations were then so controlled and regulated. By a series of court decisions the Commission jurisdiction seemingly has been extended into these operations with resulting confusion in the industry as to what was or might become subject to Federal jurisdiction. Inasmuch as much natural gas is a concurrent product of the output of oil, the oil industry also was vitally concerned over the interpretation placed upon the jurisdiction over production and gathering. Testimony was advanced at the hearings to the effect that a substantial amount of the gas now being flared as part of the some one billion cubic feet of gas wasted daily to the air, might be conserved and collected for pipe-line transportation were the oil industry to be relieved of the fear that in so doing it might be placing the production of oil under the jurisdiction of the Commission.

The Commission asserted at the committee hearings that it had no intention of regulating the oil industry, and stated that it felt the ambiguity and confusion existing from the circuit court decision in the Interstate case would be cleared up by the Supreme Court so that there could be no doubt about the circumscribed jurisdiction. That decision of the Supreme Court was rendered on June 16. It seems to me clear that the Supreme Court in nowise settled the question that under the Natural Gas Act, Federal Commission regulation could not extend clear back to the well itself. Legislation, therefore, seems imperative to clarify the original intent, namely that production and gathering of natural gas were to be exempt hereunder from Federal regulation.

During the course of the committee hearings witnesses representing cities, State commissions, and the National Association of Railroad and Utilities Commissioners, as well as others, alluded to the character of service offered, especially in times of cold weather, and the desirability of some protection to existing customers which it was believed could not be assured solely by State or local regulatory authority.

The bill adds a new subsection to section 7 of the act, making it the duty of every natural gas company furnishing gas to a distributing company for resale to the public to furnish service which is

reasonable, and gives the Commission authority to enforce this requirement. This subsection reads:

(h) It shall be the duty of every natural gas company furnishing natural gas directly or indirectly to any distributing company for distribution and resale to the public as a public utility service to furnish and supply service which is reasonable, having regard to the public utility character thereof, and to the duty of such distributing company to supply reasonable service to its customers. The Commission shall have power upon complaint or upon its own motion, after notice and opportunity for hearing, by order to require any natural gas company to perform its obligations under this subsection and to install and maintain such service instrumentalities as shall be reasonably necessary for that purpose.

It seems to me that this amendment, originally advanced by the Illinois Commerce Commission is of great significance and will prove of much usefulness in assuring the continuity of service which all too frequently unfortunately has been unavailable during recent times of peak demand.

In the short time allotted for general debate it is impossible for me to make reference in detail to other provisions of the bill. However, the remarks of the gentleman from Oklahoma [Mr. RIZLEY], and the others who have already spoken when the rule was under consideration, together with those who will follow me will be sufficient to cover in an appropriate way, the other features of the bill.

Mr. HARRIS. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, I recognize that we are dealing with a very highly technical question this afternoon. I recognize that because of the technicalities involved in legislation of this kind it is very easy to confuse the issue. Certainly, there have been some interested in this legislation over a period of weeks who have endeavored to confuse the issue to the extent that it has some people worried. This proposed bill is, after all, very simple. I hope I can clear up some of the confusion in your minds. In explanation I should first give you a little history of the Natural Gas Act, the need for this legislation due to the attitude of the Federal Power Commission, their actions and assumption of jurisdiction which was never intended by Congress, but sustained by a sharply divided Supreme Court, and then just what the proposed bill is intended to do to correct such abuses. Mr. Chairman, when we take the position that a governmental agency, or anyone else dealing with a problem so highly controversial, so highly important and technical as this, is infallible, I think we are treading on dangerous ground.

The Natural Gas Act, approved June 21, 1938, conferred upon the Federal Power Commission responsibility for regulating the wholesale rates, accounting practices, and certain operations of natural gas companies engaged in interstate commerce. The act was proposed as a result of the Federal Trade Commission survey, made pursuant to joint resolution—Senate Resolution 83, Seventieth Congress, first session, February 15, 1928, extended by Senate Joint Resolution 115, Seventy-third Congress, second session, 1934—and supported by resolutions of the National Association of Railroad and Utility Commissioners, to meet a situation arising out of the fact that interstate transmission and sale of natural gas were beyond the scope of effective State regulation. It was designed to cover the interstate transportation of gas from the State of origin—where State regulation covered the local production, gathering and sale of gas by pipe line to another State—and the subsequent sale of the gas to local distributors in that State, where the State regulation covered the local distribution to ultimate customers.

It was the purpose of the act to fill in this gap in State regulation, and the Federal Power Commission was presumedly confined by the act to meeting the need for regulation in this area. It is the purpose of this bill, H. R. 4051, to correct the abuses of the act occasioned by the Federal Power Commission improperly extending its jurisdiction backward into production and gathering and forward into local distribution.

The major abuses by the Commission of its authority proposed to be corrected by this bill are threefold, two in the area of production, and one in the area of distribution. I propose to discuss briefly the situation surrounding each, and the manner in which the bill operates to cure each.

The first relates to the exclusion from Commission jurisdiction of the production and gathering of natural gas, which it was thought was fairly clearly indicated in the language employed in section 1 (b) of the act. Explicit as this language is, nevertheless the Commission by a strange mental tour d'force in applying the provisions of sections 4 and 5 arrived at the conclusion that while the physical activity of production and gathering might be exempt, the sale resulting therefore was not. In this conclusion it was abetted by the Supreme Court which in the Canadian River Gas case—Three Hundred and Twenty-fourth United States Reports at pages 602, 603, 1945—said:

We must read section 1 (b) in the context of the whole act. It must be reconciled with the normal conventions of rate-making.

That does not mean that the part of section 1 (b) which provides that the act shall not apply to "the production or gathering of natural gas" is given no meaning. Certainly that provision precludes the Commission from any control over the activity of producing or gathering natural gas. For example, it makes plain that the Commission has no control over the drilling and spacing of wells and the like. It may put other limitations on the Commission. We only decide that it does not preclude the Commission from reflecting the production and gathering facilities of a natural gas company in the rate base and determining the expenses incident thereto for the purposes of determining the reasonableness of rates subject to its jurisdiction.

Obviously, regardless of the usefulness of the position that drilling and spacing of wells may be exempt, there is no basic exemption afforded if the Commission in its rate-making powers can enter into the financial side of these operations. The confusion attending this five-man decision was not alleviated by the strong words of the four-man dissent:

Even though production and gathering could be thought to be a part of the regulated transportation and sale, that possibility is precluded by the words of section 1 (b), which say: "The provisions of this act (including those of sections 4 and 5, which prescribe rate making for the activity of transporting and selling wholesale) shall not apply" to another activity, "the production of gathering of natural gas."

It does not seem possible to say in plainer or more unmistakable language that the one activity, interstate transportation and sale, is to be subjected to, and that the other, production or gathering, is to be excluded from, the valuation and rate-making powers of the Commission.

While these decisions may be said to have applied to the facilities owned by a natural-gas company itself, the oil industry naturally was concerned as to the applicability to facilities owned by others and examination of the expenses of producing gas supplemental to the production of oil. When this was one of the matters set down for investigation by the Commission in its natural-gas survey, the oil industry sought and received from the Commission assurances that the Commission had no thought of intruding into this area.

Thus, on December 30, 1944, former Chairman Basil Manly advised the representatives of the gas-producing States, through a letter to then Gov. Andrew F. Schoeppel, of Kansas, as chairman of the Interstate Oil Compact Commission, that—

The Federal Power Commission has no desire to extend its jurisdiction to cover the production of natural gas or otherwise invade what are properly regarded as the functions of the conservation authorities of the several States.

And again, on July 21, 1945, Chairman Manly wrote to Mr. William R. Boyd, Jr., then chairman of the Petroleum Industry War Council, that—

It seems desirable therefore to declare in unequivocal language that the Commission has no desire or intent to extend its jurisdiction as regards either oil production or petroleum pipe lines.

Nevertheless the fears which Chairman Manly sought to allay were recreated by the Commission in the Interstate Natural Gas case. Here, despite what the Commission had advanced as its intention, in the argument in the lower court, Commission counsel had an opportunity in response to a direct question from the bench effectively to clear up the Commission's position, and did not do so. The court decision—fifth circuit—in August 1946 served but to indicate that the Commission's jurisdiction went to the well itself.

Thus when the Commission's staff report this spring referred to the confusion existing as to the Commission's intent and the interpretation of the jurisdiction it has over production and gathering, and the need to settle the problem, and suggested that this might be cleared up by administrative rule, the industry naturally was in no position to accept the rule as being an expression which

would stay fixed for any length of time. The power to make a rule admits of the power to abrogate the rule.

Chairman Smith indicated that if the rule were not sufficient to settle all doubts that the Commission had no jurisdiction, the Supreme Court decision in the Interstate case might well do so. He urged the committee to defer action on the pending legislation until the opinion had been rendered.

This opinion was rendered on June 16. It held that the Commission had not exceeded its authority under section 1 (b) in regulating sales made in the field. It certainly does not clarify the question of the Commission's inability to reach to the well where the gas subsequently moves in interstate commerce. Legislation accordingly seems imperative. Chairman Smith in letters to the committee of June 23, and July 1, for that matter, indicates concurrence with such need.

The amendments to section 1 (b) and additional definitions in section 2 proposed by the bill, accordingly amplify the language defining production and gathering, and also apply to the sale of the gas from the redefined production and gathering facilities.

By this amendment all fear should be removed from independent gas and oil producers that sale of their gas to pipe lines for transmission in interstate commerce which subject them to Commission regulation. This should be a tremendous incentive to the conserving and collecting of gas now being flared and wasted because of the understandable desire to avoid this Federal regulation and the attendant requirements. Larger sources of gas thus are available for meeting the ever-increasing demands not now adequately served.

The second extension of Federal Power Commission authority is related to the first. It concerns the treatment given by the Commission to the gas produced by natural-gas companies from their own reserves.

The Commission in establishing rates at wholesale with the attendant consideration of the rate base, proper costs and expenses, and rate of return to be allowed, has included in costs at the purchase price gas purchased from others. But where a natural-gas company produces gas from its own holdings, the Commission has considered only the costs of such production, and included in costs the proven leases and reserve at their historical-cost value.

In the Colorado Interstate Gas case, Chief Justice Stone has described the results as follows:

> In fixing rates for petitioner's interstate business of transporting and selling natural gas for resale, the Commission included petitioner's gas wells and gas-gathering facilities together with all its transportation and distribution facilities in a single-rate base. It valued the wells and gathering facilities at their prudent investment cost of many years ago, a valuation drastically less than their present market value. It then restricted petitioner's return to 6½ percent of the rate base, including the wells and production facilities, constituting approximately two-thirds of the total rate base. It thus subjected petitioner's production and gathering property to the same regulation as that which the statute imposes upon petitioner's property used and useful in the interstate transportation and sale of gas for resale. This, we think, the Natural Gas Act in plain terms prohibits (324 U. S. 616).

The results that are the consequences of this Federal Power Commission practice are further demonstrated by the fact that in some instances orders of the Federal Power Commission result in three different prices for gas from the same well. This arises where the regulated pipe-line company is a part owner, an unregulated company is a part owner and the landowner has a royalty share. The pipe-line company is allowed as operating expenses an unregulated contract price for its co-owner's share and the royalty owner's share, but for its own share it is allowed an amount determined by application of the public-utility-rate-base method. As Mr. Justice Jackson stated, this "does not make sense to me."

The important element here involved is the Commission's insistence in taking as the rate base a value determined only as the original investment cost. There is nothing in the act itself which requires the Commission to confine its consideration to original investment costs alone. The Commission is enjoined only to determine a just and reasonable rate. And the Commission is authorized in so doing to ascertain and investigate the actual legitimate cost of the property of every natural-gas company, the depreciation therein, and, when found necessary for rate-making purposes, other facts which bear on the determination of such cost of depreciation and the fair value of such property.

The Commission's use of original cost as the rate base stems from the Hope Natural Gas case. That opinion laid down the principle that—

> Under the statutory standard of "just and reasonable" it is the result reached not the method employed which is controlling. * * * It is not theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry under the act is at an end. The fact that the method employed to reach that result may contain infirmities is not then important (320 U. S. 591, 1944).

The Commission in determining the rate base had used the original cost only, and not given weight to other factors has outlined in the old case of Smyth against Ames, following which for many years principal weight was given to cost of reproduction.

But it is important to note that the Hope case dealt with a company operating in an old and almost exhausted field, the Appalachian, where costs of production and the accumulated developmental costs were high. It might be argued, and the Commission has intimated that it has not yet made up its mind on the subject, that as to fields where the current market value of reserves was so much in excess of original cost, that the Commission might give consideration to other elements than the original cost alone.

Here again, however, the administration of the Commission, and the utterances of its representatives gives no assurance that this will happen. Indeed, the contrary seems certain. No longer ago than this very week a representative of the Commission, in testifying on some power bills before the committee, has said in regard to the Commission's purpose and the Hope case:

> The Federal Power Act * * * did not bind the Commission to any particular rate-making formula * * * the Commission concluded that it would have nothing to do with fair value unless compelled by the courts, but instead would base rates upon net investment.
>
> * * * When the Natural Gas Act was passed * * * the law was patterned after the Federal Power Act as far as rate making was concerned and the Commission adhered to its resolution to have no traffic with fair value. * * * The Commission was sustained in its use of the investment-rate base in the Hope case. The fetters which had bound regulatory agencies for many years were unloosed.

This does not sound as though the Commission had yet an open mind as to the various factors to be employed in determining an appropriate rate base for use in arriving at just and reasonable rates. Far from it. Given statutes which were silent as to standards to be used, this representative states the Commission deliberately set about to pursue a definite policy until it should be restrained by the courts.

The provisions of section 5 of the bill (H. R. 4051) prescribe a formula or standard which the Commission will be required to follow in rate-base determinations. The formula will provide the incentive for pipe-line companies to pay prices adequate to stimulate conservation and production of gas so badly needed to meet consumer demands. It provides this incentive by assuring the pipe line full reimbursement for all bona fide purchase of gas. This section is a necessary supplement to the exemption in amended section 1 (b) of the act whereby the Federal Power Commission is completely denied jurisdiction over the entire activity of producing and gathering natural gas, including the field sales thereof. Since the Commission is completely excluded from the activity of producing and gathering, it is necessary to set forth the precise manner in which it is to treat the operating expense incurred by the pipe line in purchasing gas from nonaffiliated companies or in producing its own gas either through the parent company or affiliates. Section 5 proposes to do two things.

First. Section 5 provides that with respect to gas which is purchased from producers in noway affiliated with the pipe-line company the Federal Power Commission shall allow as an operating expense the actual prices paid. The actual price paid will, of course, be determined by actual and free competition as it is likewise established with respect to all other commodities in a system of uncontrolled free enterprise. This provision merely recognizes that free competition should be the determinant of the sale price of gas and not the Federal

Power Commission. It is important to observe, however, that the consumer and the public in general are amply protected under this provision since the Power Commission has ample authority to refuse to allow as an operating expense any unconscionably high price which is not the result of a bona fide transaction.

Second. Section 5 further provides that if the pipe-line company acquires gas from its own producing properties or purchases the gas from a subsidiary or an affiliate the prevailing market price in the field where produced for gas of comparable quality, volume, and pressure, shall be allowed as an operating expense. The prevailing market price again is established by open competition among all producers within the field. This provides a precise formula which the Commission should have little difficulty in applying. The term "market price" is a term having a well-defined legal meaning. The provision, therefore, not only is definite but is founded upon a sound and reasonable predicate.

If the pipe-line company or its affiliate is the only purchaser within a given field and as a result there is no prevailing market price in that field, then section 5 provides that the Commission shall allow as an operating expense the fair and reasonable value of such gas. This, likewise, is a precise formula and one that will present no difficulty in application. If there is no market value established in the field by competing interests then the Commission is required to determine the fair or reasonable value of the gas just as the fair value of other commodities is legally determined. The Commission is given adequate leeway in determining the value of such gas, and by the specific language of this provision is authorized to consider all pertinent factors in determining fair and reasonable values.

This is no new or novel formula. In setting up the field or market price of gas as the cost of gas which the Commission shall use in connection with the establishment of rates and a return on the natural-gas line, the bill is only following what has been well recognized in law as pertinent in the case of extractive and wasting industries.

It was clearly recognized in the Renegotiation Act relating to the recapture of excessive profits under wartime munitions contracts, that there was a difference in the treatment of profits from the production of a wasting asset and from other production. This led to the exemption from renegotiation of raw materials until they had reached a certain stage in the production process. In an integrated operation, like steel production, the raw materials or iron ore and coal were exempt through the pig-iron stage, and the pig iron utilized in steel production was not taken into the costs used in renegotiation at the cost of production of pig iron, but at a substituted "market" price of the pig iron. Only in such way was it deemed that proper consideration could be given to the owners of the extracted raw materials. Certainly the exploration, development, and consumption of natural gas stands in no different stead. For the Federal Power Commission to employ actual costs rather than the prevailing market values, is clear discrimination.

In addition, provision has been made in the section for the varying situations in the gas fields. Conditions relating to wells belonging to some of the natural-gas companies holding leases in the Appalachian area differ materially from those relating to wells of natural-gas companies holding leases in the southwestern areas.

The companies operating in the Appalachian area have, during the war, been required to pull their wells heavily in order to meet war requirements. This has resulted in lowered productive capacities of the wells.

In that area it is necessary to provide for sudden temperature drops during the winter when demands for gas suddenly increase. In order to cope with this situation, some of the companies in the area have adopted the practice of purchasing throughout the year from other gas producers, but pinching back their own wells, and even for considerable periods closing them in so they may build up pressure and availability for use during peak winter days when demands suddenly increase.

Under such circumstances the producing properties constitute, in effect, a storage operation. Under these circumstances there is a service as well as a commodity value involved, and it is not inappropriate to use the rate base for determining the allowance to be made such a company for the gas produced under such circumstances.

It is provided, therefore, that a company may make an election within 90 days for its producing properties to be included in its rate base. The proviso is in that form so it will be a general law. The election when once made is final, not only as to leases now owned but those hereafter acquired.

The last major amendment contained in the bill to which I wish to speak is that relating to the Commission's extension of authority into the field of local distribution.

This has arisen where a local distributing company itself has constructed and owned the connection with the interstate transmission company. In one case the Commission has attempted to exercise jurisdiction, where the line is fully regulated by the local State Commission, at a cost asserted to represent some $2,000,000 to the company for the duplicate information and study regarding construction, investment, and operation. Further testimony was offered to the effect that in many other cases local distributing companies desired to connect with the interstate company and thus provide for their own customers the natural gas thus connected, but were deterred from making such connection through the real threat that they thus would become subject to the Federal Power Commission in matters of rates, accounts, and the like, and incur the duplicate regulation resulting from State and Federal control.

New subsections have been added to section 2 defining the type of interstate commerce subject to the jurisdiction of the Commission, and making it plain that interstate commerce ends when the gas moves in the State of local distribution from the trunk transmission facilities of the interstate carrier into the local distribution or trunk transmission facilities of the company selling the gas in local distribution.

Section 7 of the Rizley bill provides for the operation of a common carrier gas pipe line under the supervision of the Interstate Commerce Commission.

It is obvious that it would not be wise for a natural gas pipe line company serving distributing utility companies to act as a common carrier. There must at all times be gas available for the general public. It is not possible to store gas, and the rendering of a common-carrier service might result in depriving utilities serving the general public of gas at the most important times.

It is believed, however, that there is an appropriate field for common-carrier lines. In the near future, for example, they would be of service in transporting gas across State lines for utilization in Fischer Tropsch and similar plants. Also, when gasification of coal is accomplished, such a line would be well adapted to the transportation of gas from coal-producing areas to highly industrial sections in the Eastern States.

It is to be noted that such a line must operate as a common carrier only, and make no sales from its line.

Jurisdiction over such a line is placed under the Interstate Commerce Commission. The functions of such a line are comparable to those of a common carrier line transporting oil and other petroleum products, and such lines are operating satisfactorily under the jurisdiction of that Commission.

This provision does not transfer any jurisdiction from the Federal Power Commission since there is no natural-gas company operating as a common carrier. The Interstate Commerce Commission is from training and experience properly equipped to deal with companies having a common-carrier status, while the Federal Power Commission has had no experience with companies performing such a service.

Mr. Chairman, I would like to ask my colleagues, in order that I may explain further just what is proposed here, to get a copy of the report. Before I proceed further let me say that this is an exceptionally fine report. I want to compliment the gentleman from Ohio [Mr. CARSON] for preparing this report and giving the Members of the House the explanation and information contained therein.

Remember, as I have explained, this bill proposes to do two primary things: First, to clearly define the limits of the authority of the Federal Power Commission so that the industry may know where it is; second, it tends to establish a formula for rate making that the Commission shall follow in determining what costs shall be allowed to the transportation industry of gas in interstate commerce. Turn, if you please, to page 4 of the report. I think I can explain to you some of the problems in layman's language and with the use of the chart that are involved in this controversy.

You will find in the chart labeled "Functions employed in producing, transporting and distributing natural gas." The interstate trunk line is that big double irregular line in the center. To the left you will see three of those lines running out to little dots that represent a gas field. On the other end you have the lines running out to distributors. When the Natural Gas Act was passed in 1938 it was understood that it was the intention of Congress that the jurisdiction of the Federal Power Commission should begin at the inlet of the trunk line in interstate commerce where the gathering from production terminates and the gas goes into the trunk line, and end at the other end of the trunk line where it goes into the distributor line or facilities for resale to the consumer.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARRIS. Mr. Chairman, I yield myself three additional minutes.

Again there was no intention, so far as the history reveals, that the Federal Power Commission had any jurisdiction whatsoever beyond those points. Under the Interstate opinion referred to and delivered June 16, 1947, the Supreme Court said the Federal Power Commission had the authority in determining rates to go on back into the field, into the well and determine the allowable cost of that transportation company in its transportation of gas, which will mean, of course, that it controls the field processes, that it controls production, that it controls gathering. On the other end you will notice to distributor A the trunk line runs right up to the city. It said that is where the jurisdiction stops and, therefore, they do not assume any further jurisdiction.

Before you get there you see at the top distributor B. He has to go down a few miles to the main trunk line. He has to have a little line to take gas out of the main trunk line up to his town in order that he may serve the consumers of the town. The Federal Power Commission says that because he has to have a little line to go back to the main trunk line to take the gas up to his consumers that he comes within the authority and jurisdiction of the Commission. That puts him—the distributor—in interstate commerce. Consequently, in his case the Commission controls it right to the burner tips.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. GAVIN. In that event they would be usurping the public utilities commissions of the various States which are there for the specific purpose of establishing rates to the domestic consumers.

Mr. HARRIS. Yes; there would be under such circumstances overlapping jurisdictions and the company then would be subject to the authority of both the local jurisdiction and the Federal Power Commission.

Mr. GAVIN. And there would be confusion without getting gas?

Mr. HARRIS. Very definitely. That is simply the purpose of this act here. It is to clarify that situation so the Federal Power Commission will stay within the limitations intended back in 1938 when the Congress passed the act. They have abused that authority time after time.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WOLVERTON. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.].

Mr. HUGH D. SCOTT, JR. Mr. Chairman, the basic issue here, it seems to me, is a question of clarification by amendment or by administrative ruling since the industry itself feels, and the staff of the Federal Power Commission has admitted in a report on section 1 (b) of the Natural Gas Act, page 40, under date of March 1947, that there is need for "appropriate action to relieve the doubt and fears now prevailing." The need for correction, it seems to me, is not questioned either by the staff of the Commission or the industry. The question is merely the method to be used, and there are two. One is to amend the act by the Congress or by change in the administration of the act accomplished by the adoption of an administrative rule by the Federal Power Commission. I cannot quite share the complete confidence expressed by the gentleman from Illinois in any Federal agency just because it is a Federal agency and because the members have been named and confirmed. I do not like law handed down by interpretation or by administration. I think when there is a substantial doubt as to what is coming next, as there is in this case, we better say by statute precisely what we mean.

The problem arises largely from encroachment by the Federal Power Commission into the field of production and gathering, and although the act expressly provides that it "shall not apply to the production or gathering of natural gas"—Natural Gas Act of 1938, Public Law No. 688, Seventy-fifth Congress, section 1 (b)—the record is replete with successful efforts of the Commission in encroaching into this forbidden field.

First. The Commission took jurisdiction over the producing properties and gathering facilities of an interstate trunk line—pipe line—transporter and subjected these properties and facilities to public-utility regulation. Although these producing and gathering properties obviously have no semblance of a public utility, they are regulated as such by the Commission—*Federal Power Commission* v. *Hope Natural Gas Company* (320 U. S. 589).

Second. The Commission next took jurisdiction over the producing properties and facilities of an affiliate of a trunk-line transporter and subjected them to public-utility regulation—*Colorado Interstate Gas Co.* v. *Federal Power Commission* (324 U. S. 581).

Third. The Commission has more recently taken jurisdiction over the sale price of natural gas of a nonaffiliated producer and gatherer—*Interstate Natural Gas Co.* v. *Federal Power Commission* (56 F. (2d) 949).

Thus, we here have a progressive series of steps taken by the Commission in extending its jurisdiction into the production and gathering phase of the industry despite the express prohibition in the act to the contrary. It is this improper extension of jurisdiction by the Commission that has given rise to the fears, uncertainties, anxieties, and confusion on the part of producers and gatherers. They are apprehensive lest they also be controlled by the Commission and treated as a public utility. As a result, producers and gatherers are refusing to sell their gas to interstate transporters, thus depriving consumers of a needed supply of gas and the producers of the right to sell their product in a free market.

The provision in the act which exempts production and gathering from the jurisdiction of the Commission is a total exemption and is not qualified or limited in any manner. It exempts the business of production and gathering. The proposal of the staff—Staff report, supra, page 41—for a clarification by administrative rule treats the exemption as if it were partial and not a total exemption. The suggested administrative rule would exempt those who "only produce, gather, or process natural gas"—Staff report, supra, page 41—it would not exempt the producing and gathering activities of interstate trunk-line companies. Under this proposed rule, the Commission would continue to apply to producing and gathering properties the public-utility method of regulation based on persons as distinguished from activities. The Commission would thereby regulate a portion of the activity of producing and gathering, thus rigidly fixing by administrative fiat the economic common denominator of the industry to which the remainder of the industry although not regulated, would have to adjust itself.

When an interstate trunk-line company purchases gas from a producer, it is allowed as an operating expense the purchase price thereof, commonly referred to as the "field price." However, when it produces its own gas, it is not allowed as an operating expense the going field price for such gas, but the Commission includes these producing and gathering properties on a public-utility basis. This results in the companies receiving a price for their gas which varies from the field price down to zero. Under this method of treatment by the Commission, the result is reached whereby different prices are allowed for the same product depending upon who owns it. This result is characterized by Justice Jackson of the United States Supreme Court as being "delirious," "fantastic," and "capricious." He also said that such a result "does not make sense to me"—*Colorado Interstate Gas Co.* v. *Federal Power Commission et al.* (324 U. S. 581). H. R. 4051 would eliminate these absurd results by permitting the interstate trunk-line companies to receive the going field price for all gas, whether produced by them or purchased from other sources.

Mr. MILLER of Maryland. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Maryland.

Mr. MILLER of Maryland. Is it not a fact that, under that ruling that Justice Jackson is referring to, it has gotten to the point where, because of technical rulings, they charge different prices for

the same gas that comes out of the same well if it happens to be under joint ownership or more than one party in interest in the well?

Mr. HUGH D. SCOTT, JR. That is my understanding. Precisely that result can be arrived at under the circumstances the gentleman has mentioned.

Mr. MILLER of Maryland. Even though it comes right from the very same source. It just depends on who owns it.

Mr. HUGH D. SCOTT, JR. That is right; and it is similar to other impossible conclusions which are arrived at when you have a legislative situation such as we have in this case, complicated by the type of administration from which industry so often suffers and continues to suffer.

Mr. MILLER of Maryland. And this present act will cure that situation, as I understand?

Mr. HUGH D. SCOTT, JR. I understand it will. That is my belief.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. Will the gentleman please turn to page 4 of the report showing a diagram of interstate trunk pipe lines. What I want to know is this: We will say, for example, at Y there are two pipe lines going through my district. So far our people have not been able to tap these pipe lines, and avail themselves of this gas. As the law has been interpreted by the Federal Power Commission, on the line that goes out from Y to city B for distribution of gas to the people in that city, the rates are fixed by the Federal Power Commission. They have control over those rates; is that right?

Mr. HUGH D. SCOTT, JR. I would think so; yes.

Mr. ZIMMERMAN. And the Commission in the State that deals with the matter of making rates would not have control as they have over other utilities; is that right?

Mr. HUGH D. SCOTT, JR. That is one of the matters which we are anxious to clarify.

Mr. ZIMMERMAN. Now, then, this bill would place the fixing of rates, the price of gas in that city, in the State Public Utility Commission; is that correct?

Mr. HUGH D. SCOTT, JR. I so understand. If I am in error, I hope the author of the bill, who is present, will correct me, but that is my understanding.

Mr. ZIMMERMAN. One of the reasons these companies refuse to go on making these improvements is that they do not want to get under dual authority, the Federal Power Commission in Washington and the State public service commission, which likewise fixes rates. That would create confusion. For that reason, our people are not getting gas where they could get it and where they need it very badly. Is that one of the things the gentleman says this bill will do?

Mr. HUGH D. SCOTT, JR. I believe the gentleman is right on that.

Mr. ZIMMERMAN. I want to make that clear.

Mr. HARRIS. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. PRIEST].

Mr. PRIEST. Mr. Chairman, I agree with the gentleman from Oklahoma who offers the bill and with the majority of the members of the committee that some legislation is needed at this time to clarify the Natural Gas Act, to make certain that the Federal Power Commission does not have jurisdiction over the production and gathering of natural gas, particularly by independent operators.

I attended these hearings and listened to most of the testimony before the Committee on Interstate and Foreign Commerce when this bill was being heard. We had a very heavy volume of testimony. It is my feeling at this time, because of certain circumstances, that the Rizley bill now pending, as reported by the committee, covers too wide a field, and that we should have at this time some simple legislation clarifying that one particular phase of the act, and should wait until after the Federal Power Commission has completed the investigation under Docket G-580, a very comprehensive investigation that has been going on for some time, before we attempt to go as far as I believe this bill does go in attacking some of the more complex problems in the gas industry and in the transportation and regulation of natural gas in interstate commerce.

I have prepared a very brief bill that I believe would do all the Congress might be justified in doing at this time. I believe later, perhaps, some of the provisions in the Rizley bill should be enacted into law. I believe, however, before that is done we should have more complete information on the effect of some of the provisions in this bill. I believe we can get that information when the Federal Power Commission has completed the investigation now under way and has submitted the result of that investigation to the industry and made a report to the Congress.

The bill I have prepared simply amends the Natural Gas Act by making it very clear that the Federal Power Commission does not have any jurisdiction over the independent production and gathering of natural gas. There are a few other paragraphs in it which are simply definitions. The word "production" is defined. The word "gathering" is defined, "transportation of natural gas" is defined, and "sale at arms length" is defined.

Mr. Chairman, I have been just a little disturbed by what I consider to be rather far-reaching provisions of the bill now before us. I wish to cite one instance. We find in section 1 (c) of the Rizley bill this language. I would direct my question here to the author of the bill. On page 2, line 17, we find this language:

> This limitation of jurisdiction shall control all other provisions of this act.

I have checked pretty carefully, and it seems to me that if we include that language, for instance, in this bill, we take away from the Federal Power Commission all jurisdiction over exports and imports of natural gas covered by section 3 of the original Natural Gas Act.

I wonder if the gentleman has looked into that. I would like to have his comment on that particular language in the bill.

Mr. RIZLEY. I will say to my distinguished friend from Tennessee that that question, of course, as you know, has been raised by the Federal Power Commission from time to time. I do not put that interpretation on it at all. Section C provides for a limitation to a certain specific part of the bill, and this language, "This limitation of jurisdiction shall control all other provisions of this act," certainly would, in my humble opinion, mean that we are striking out all of the controls that the Federal Power Commission has under the terms of the Natural Gas Act.

Mr. PRIEST. The limitation is here in that section—that this limitation shall control all other provisions of the act. It is my very sincere opinion, after reading section 3 of the act, which deals with transportation, that the export and importation certainly is covered by this limitation.

Mr. RIZLEY. I think my friend from Tennessee would be enlightened if he would return to the sectional analysis of the bill, which is found on page 11 of the report and which deals with the specific question that the gentleman raises. I will read it to the gentleman:

> The new subsection (c) is complementary to subsection (b), and provides that the jurisdiction of the Commission shall not extend to any transportation or sale or facility or operation to which, under subsection (b), the provisions of the act are not to apply. It is further declared that this limitation of jurisdiction shall control all other provisions of the act.

Mr. PRIEST. There is nothing in subsection (b), however, relating to export and import.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. HARRIS. The gentleman mentioned this matter to me a little while ago, and I made some inquiries about it. My information is that the procedure with reference to the exportation of natural gas is under an Executive order of the President of, I believe, 1942, by which he authorizes the Commission to make certain investigations and findings, and from that authority the companies which are interested in the exportation of gas may proceed to export gas.

Mr. PRIEST. At the same time, however, I might say to my colleague that section 3 of the act is that section specifically providing for the Commission's jurisdiction over exports and imports.

Mr. HARRIS. But, of course, if the President of the United States has permission to make certain findings, they are not likely to do that even though they might protect their jurisdiction in connection with this particular matter. However, I would have no objection that it be clarified so as to make certain.

Mr. PRIEST. I thank the gentleman. I referred to that simply to emphasize my feeling in the matter that perhaps we are getting into fields here which

have not been properly explored and that perhaps a simple act would do the job for the time being.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Texas.

Mr. RAYBURN. It was in 1935 that gas was covered in title III, I believe, of the Utility Holding Company Act. At that time I understood that act and I think I understood the act of 1938 pretty well, although I had retired from the committee then. To be entirely frank with the gentleman and with those who are handling this legislation, I have been trying to understand this bill, and I am still confused. I do not know whether the Commission should make a further study of this matter or whether the committee should make a further study of it. I do not know what this bill means, to be frank with you. I have listened to the distinguished gentleman from Oklahoma and the distinguished gentleman from Arkansas. I am still a little confused. But I am not confused about the substitute which I assume the gentleman is going to offer. I am not confused about what that means. I think we can all agree on that part of the bill, and allow us to study this so that some of us who have been following this thing so long and who are tremendously interested in anything that will rip up any major part of this bill, may not be passed. I want to vote for this bill, but I think we would be much wiser if we voted for that part of the bill that we do understand, that everyone can understand, and that will really give relief to these little well owners and take them out of interstate commerce, and see where they are. I am a little fearful of this bill and its implications, as far as I am capable of understanding them.

Mr. PRIEST. I appreciate the gentleman's remarks.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. HARRIS. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. CARROLL. I can understand my uncertainty about the bill if the minority leader, with all his great experience, is somewhat confused. The gentleman from Arkansas [Mr. HARRIS], in a very able presentation, said that the Federal Power Commission had exceeded its jurisdiction. That has been sustained by many court decisions, has it not?

Mr. PRIEST. Yes. I think that is true. However, I want to keep the Commission within its jurisdiction. I want to be certain that they do not exceed it. I am not here arguing for the Commission.

Mr. CARROLL. I am asking this question of the gentleman because he has followed the matter very closely. The second point that the gentleman from Arkansas [Mr. HARRIS] made was that this proposed legislation will change the formula, production, gathering, transportation, and distribution. If that formula is changed, will there not be a corresponding change in the gas rate to the consumers?

Mr. PRIEST. It is my personal opinion that there will be an increase. I do not know what effect sections 5 and 5½ in this bill may have upon the consumers. It is my opinion that it will result in higher rates. Perhaps some higher rates are justified. I am not an authority on that subject, but I think any fair-minded person will agree that there is quite likely to be an increase in rates to the consumers as a result of this legislation.

Mr. CARROLL. Can the gentleman inform us, is this litigation, all this litigation in the courts upon this contest, because of the Federal Power Commission exercising its authority to regulate rates to the consumer? Is that not the purpose of all this legislation which will be modified by this present act, if the Congress adopts it?

Mr. PRIEST. I think that cases in court and the decisions of the court have resulted in the desire for this legislation.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD just before the passage of House Joint Resolution 233 earlier this afternoon.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WOLVERTON. Mr. Chairman, I yield the remaining time to the gentleman from Ohio [Mr. CARSON].

The CHAIRMAN. The gentleman from Ohio is recognized for 11 minutes.

Mr. CARSON. Mr. Chairman, I am interested in two things in this bill. The first is the public convenience, and, second, the conservation of gas. It seems positively ridiculous to me to know and to learn that over 2,000,000,000 cubic feet of gas have been flared in the Southwest while we in the North and Northwest are freezing every winter.

It is a fact, and undisputed, that thousands of men in my district are out of work every winter because we do not have gas. That is one of the reasons I was so glad to join with my colleagues in introducing a similar bill, with the gentleman from Oklahoma [Mr. RIZLEY] and Senator MOORE. They introduced bills as producers. Senator FERGUSON of Michigan and I introduced similar bills as consumers.

Here is a fact that disturbes me, that we have to come to the floor of this House time and time again to tell someone the intent of this Congress. Somebody mentioned a few moment ago that the courts have upheld the Federal Power Commission. Even if they have upheld it, is that any reason why we should not once and for all clarify the congressional intent and eliminate this terrible confusion which has caused this nonproduction in the field? I want to bring that to the attention of this committee very forcibly by some of the language of the Chairman of the Federal Power Commission himself. We started hearings on this bill on April 14, and they continued for an entire week. We then gave the Federal Power Commission the 28th and 29th of May to come in. They had a month's time. They were before our committee on numerous occasions, but the substitute which the gentleman who just preceded me mentioned, did not come to our committee until July 1. I have not even seen it. I do not know what it is all about. But I do know what the intent of Congress was and I do know what the contention is, that people in the South and Southwest will no longer be subject to all this terrible confusion that is causing us not to get gas in the Midwest.

It is the effort of the Federal Power Commission to assert jurisdiction over the production and gathering of natural gas, and over local distribution, which the agency has done in contravention of the intent of Congress, that has the effect of denying or destroying a free and unrestricted market for natural gas where produced.

These continued administrative extensions of jurisdiction by the Federal Power Commission are having the effect of holding back and restraining field developments for gas. They will normally depress and interfere with the prices for which gas can be sold in the field.

Oil companies and producers of gas are becoming more reluctant to produce, save, gather, and deliver their gas to interstate pipe lines because they are fearful that the Federal Power Commission will subject them to the jurisdiction of that Commission and declare them to be natural-gas companies.

We had several governors—as a matter of fact, there are 33 different States interested in this matter. Governor Carlson, a former Member of the House, flew from Kansas and testified before the committee. Those governors who could not appear before the committee filed statements. Read the 700 pages of the hearings and you will see the interest and the terrible confusion that these people have because of the usurpation of power by the FPC.

The Natural Gas Act was passed in 1938, and it was only 6 months, or approximately so, before we had the Columbia case coming up. This was a case in which the Federal Power Commission asserted the right to regulate the price which a producer and gatherer of gas received from an interstate pipe-line company.

This assertion of jurisdiction over a mere producer and gatherer of gas was vigorously protested by the States of Kentucky and West Virginia and many of the oil companies. After almost 8 months of deliberation, a majority of the Commission reached the correct conclusion and asserted that they did not have jurisdiction over it.

State officials came before us and warned us that the reluctance of some gas producers to sell their gas for interstate marketing was interfering with the progress of conservation measures, and is a contributing factor to the continuous flaring of casing-head gas.

Almost without exception everyone who appeared so far manifested concern with respect to this matter and strongly urged clarifying the situation and setting

definitely at rest the doubts and uncertainties which now prevail.

Something was mentioned a few moments ago about the Illinois Commission of Commerce. An amendment, I think in section 6 of this bill, was made at the suggestion of the Illinois Commission of Commerce and was one of the best amendments in the bill. It will give these gas companies the opportunity to get gas to the distributors at all times, especially in the wintertime.

Now, if there is any question about this language, I wish somebody would interpret it for me different from what I find it in the act.

I want to refer to section 1 (b) of the Natural Gas Act and ask you if there is any dispute or doubt about this language:

(b) The provisions of this act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commerial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas.

That language seems very clear to me, but it was only 6 months after that we find the Federal Power Commission going in and attempting to usurp this authority.

I want to call your attention to how this hearing started or this investigation we heard about this afternoon. If you will turn to page 668 of the hearings, you will find this language in about the middle of the page, which was stated by Mr. Manly, who was then Chairman of the Federal Power Commission:

The Federal Power Commission has no desire to extend its jurisdiction to cover the production of natural gas or otherwise invade what are properly regarded as the functions of the conservation authorities of the several States.

Then, again, Chairman Manly, on July 21, 1945, same page, wrote:

It seems desirable, therefore, to declare in unequivocal language that the Commission has no desire or intent to extend its jurisdiction as regards either oil production or petroleum pipe lines.

That seems pretty clear to me. Let me go a little further. Much was said about the Interstate case. The Interstate case was a matter that came up in Louisiana along some of the same lines we are trying to avoid confusion in right now.

Mr. Smith, Chairman of the Federal Power Commission, laid a lot of stress upon this Interstate case. It was argued on May 2, and he said that decision in that case will soon be made.

The gentleman from Maine [Mr. HALE] asked a few questions which might be interesting. If you will look on page 693 of the hearings you will find the following questions:

Mr. HALE. I want to ask a question about this socalled Interstate Case that was argued on May 2, in which the Court will decide what the jurisdiction of the Commission was with respect to certain transactions in Louisiana.

Mr. SMITH. Yes, sir.

Mr. HALE. Do you expect that decision will come down before the summer recess?

Mr. Smith did not answer that question, neither could any one else. Mr. Smith said:

It might, or it might not, depending on how much difference of opinion there is in the Court. I have no way of answering that question.

Mr. HALE. Do you think that the construction which the Court puts on the act will be very illuminating to our committee in considering legislation?

That is another question that it is rather difficult to answer. Mr. Smith stated:

I most certainly do, because I do not think that, in view of the great significance that has been attached by the industry spokesman to that case which is still undecided by the Court, it can be fairly said that anybody knows for sure what the law is now, or, therefore, what your problem of amendment may be to effectuate whatever your purposes are.

The gentleman from Maine [Mr. HALE] pursued it a little bit further and stated:

Mr. HALE. If the Court sustains your exercise of jurisdiction you will say that the statute should not be amended?

Mr. Smith stated:

No, I would not go that far.

He further stated on page 194:

Mr. HALE. Do you think that if the Court goes what we might say was too far, in order to extend the jurisdiction of the Federal Power Commission to the gatherer then we might have to pass amendatory legislation, somewhat as we did in the portal-to-portal case, because the Court had gone too far?

Mr. SMITH. My answer to your question is yes.

Now, if you read the report which the committee filed in this case, you will find that the Interstate case has been decided and the Supreme Court has gone too far. They have not only gone to the end of the pipe line; they have gone to the bottom of the well. Which is only another reason why this bill should be passed.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HARRIS. Mr. Chairman, I yield the balance of my time to the gentleman from Texas [Mr. BECKWORTH].

Mr. BECKWORTH. Mr. Chairman, there were extensive hearings on this legislation. There is no question but what those who were and are interested in it, pro and con, were given an opportunity to be heard. That is one thing that we can always say about our Chairman. He does not believe in preventing anyone from having an opportunity to be heard who requests and desires so to do.

I was particularly impressed by the statement made by the oil and gas people of my own State of Texas. All of you know that Texas is a producing State. We produce much gas and much oil in that State. We feel that we have almost set a pattern as to wise methods of conservation in the State of Texas. I know that Colonel Thompson, the chairman of our Texas Railroad Commission, and a man who has had experience for nearly 20 years in the regulating of oil and gas, came before our committee and said that every effort is being made at present to conserve gas in Texas, and he mentioned the fact that no gas from gas wells is being wasted today, but he did not go so far as to say that gas from oil wells is not being wasted today. I have great confidence in what the States can do with reference to conservation, and I think Texas is one of the best examples there is. By no means do I mean to imply that other States have not done good jobs in conservation. Not only did Colonel Thompson indicate that this legislation is very greatly desirable and highly necessary at this time, not some time in the future, but many producers likewise indicated the same thing. They said that because of the situation today they feel uncertain in steps they probably would take in the way of conservation and utilization of gas. I know that they mean what they say when they say that. There are plenty of those producers, those people who go out and explore, that have ample resources to provide facilities conducive to further utilization and conservation of gas.

The gentleman from Tennessee [Mr. PRIEST] has offered another bill; a bill that he proposes to recommend as a substitute.

Section (b), beginning on line 5, page 1 of the bill, reads, in part, as follows, and I am not going to try to read all of it:

"The provisions of this act shall apply, to the extent hereinafter provided, to the transportation of natural gas in interstate commerce, to the sale in inte-state commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to its transportation between the well or wells where produced and the point of its delivery to or reception in the interstate trunk transmission facilities of a natural-gas company or to any sale thereof at or prior to such point of delivery or reception or to the production or gathering of natural gas, or to the producing, gathering, treating, or processing facilities utilized or operations conducted in handling or preparing such gas for delivery or reception at such point, or to the local distribution of natural gas or to local distribution facilities—

And so forth, down to the words "all as hereafter defined."

The first 5 lines define the positive jurisdictional power of the Commission and are practically the exact language of the present law. That is unquestioned. Of course, it is the present law with which fault is being found. This is the language the courts have said should prevail over the negative language, where the "but" begins, which is set forth following the positive provisions in the original Natural Gas Act. The negative provisions which constitute the restrictions on the jurisdiction of the Federal Power Commission conflict with the jurisdictional language first set forth. The language beginning with line 6 on page 2 is as follows:

To the sale of such gas at arm's length prior to its transportation in interstate commerce, all as hereinafter defined.

This is an important point, I feel. This gives to the Commission the responsibil-

ity for inquiring into and determining the facts in each sale. Thus is retained the power which has caused to some extent at least the presently existing confusion within the industry which leaves each operator in the same uncertain position of not knowing definitely whether he is subject to the jurisdiction of the Federal Power Commission and is, in fact, a natural-gas company. In other words, if his bill should be substituted, frankly, I fear we would be almost in the same position we are now.

I have a practical case in my own district. We think that one of the outstanding contributions of recent years in the gas industry has been made by the Chicago Corp. That corporation has a plant at Carthage, Tex. They had the ingenuity to undertake to obtain gasoline from gas, and they have built a good plant at Carthage, Tex., and are today successfully running it. That was made possible by venture capital. In this day when we want more opportunities for more people, it behooves us all to encourage the utilization of venture capital. But this company has had difficulty. It has had its trials and its tribulations. Mr. Richard Wagner wrote me this letter on June 3, 1947. He says:

As you doubtless know, the Federal Power Commission advised us that before the hearings were resumed on the Rizley bill they were going to issue an order the next day finding us to be clear of any of the provisions of the Natural Gas Act.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subsection (b) of section 1 of the Natural Gas Act, approved June 21, 1938, is amended to read as follows:

"(b) The provisions of this act shall apply, to the extent hereinafter provided, to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to its transportation between the well or wells where produced and the point of its delivery to or reception in the interstate trunk transmission facilities of a natural gas company or to any sale thereof at or prior to such point of delivery or reception or to the production or gathering of natural gas, or to the producing, gathering, treating, or processing facilities utilized or operations conducted in handling or preparing such gas for delivery or reception at such point, or to the local distribution of natural gas or to local distribution facilities.

"(c) The jurisdiction of the Commission under this act, including but not limited to rate regulatory authority and supervisory control, shall not extend to or over any transportation or sale or facility or operation to which, under the provisions of subdivision (b) of this section, the provisions of this act shall not apply. This limitation of jurisdiction shall control all other provisions of this act."

SEC. 2. Subsection (5) of section 2 of said Natural Gas Act is amended to read as follows:

"(5) 'Natural gas' means either gas in its natural state as produced from the well, or residue gas from gas in its natural state, from casinghead gas or from other gaseous substance after extraction of hydrocarbon liquids, or any mixture of natural and artificial gas."

SEC. 3. Subsection (6) of section 2 of said Natural Gas Act is amended to read as follows:

"(6) 'Natural-gas company' means a person engaged in the transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission as in this act defined, or the sale in interstate commerce after the commencement of such transportation of natural gas for resale subject to the jurisdiction of the Commission, as in this act defined, but to the extent only that such person is engaged in such transportation and sale; but such term does not include (a) any person that transports natural gas solely as a common carrier subject to part I of the Interstate Commerce Act, as amended, or (b) any person engaged in local distribution within a State who receives natural gas within or at the border of such State and sells and delivers such gas (i) to the general public for ultimate consumption therein, or (ii) to another person engaged in local distribution within the same State who sells and delivers such gas to the general public for ultimate consumption therein."

SEC. 4. Section 2 of said Natural Gas Act is further amended by adding thereto the following definitions:

"(10) 'Production' means the recovery of natural gas from reservoirs where naturally found and also the recovery of residue gas from natural gas, casinghead gas, or other gaseous substance by any method or treatment or processing through removal of natural gasoline, butanes, and other hydrocarbons or other chemicals or substances of commercial value, whether such recovery be made prior to, during, or incident to the transportation of natural gas in interstate commerce, and includes the delivery and sale of natural gas from production facilities, at any point thereon, whether such delivery and sale be in interstate or intrastate commerce. 'Production facilities' means the land, leaseholds, wells, separators, extraction plants, and other facilities used for or incident to such production.

"(11) 'Gathering' means the operation of gathering facilities and includes the delivery and sale of natural gas from such facilities, at any point thereon, whether such delivery and sale be in interstate or intrastate commerce; and 'gathering facilities' means facilities used for or incident to moving, by natural or mechanical pressure, natural gas produced or purchased in the production and gathering area to the point or points of delivery into inlets of the trunk transmission facilities used for the transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission.

"(12) 'Transportation of natural gas in interstate commerce' or 'transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission' means and is limited to the operation of moving natural gas in interstate commerce through the whole or a portion of the trunk transmission facilities of a natural-gas company or companies (including facilities or properties for surface or underground storage) which facilities commence at the trunk pipe-line compressor station or stations or main receiving point or points established by a natural gas company for the purpose of receiving gas from gathering facilities or from processing plants for transportation, and extend therefrom to the point or points in the State of local distribution or on the boundary of such State, at which such natural gas moves from the trunk transmission facilities of a person into the local distribution or trunk transmission facilities of another person who sells such natural gas in local distribution. If, before local distribution occurs, natural gas is transported across a State boundary line in trunk transmission facilities of the person who sells such natural gas to consumers in local distribution, then the transportation of such natural gas by such person, up to, but not beyond the point at which it enters the pressure reducing, or measuring station, or local distribution facilities of such person, shall be transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission.

"(13) 'Sale in interstate commerce of natural gas for resale' or 'sale in interstate commerce of natural gas for resale subject to the jurisdiction of the Commission' means and is limited to such sale when made after the transportation of natural gas in interstate commerce subject to the jurisdiction of the Commission.

"(14) 'Local distribution' means the operation of local distribution facilities and includes the delivery or sale of gas therefrom; and 'local distribution facilities' means pipe lines and other facilities used for or incident to the distribution of natural gas to the general public within a community or distribution area for ultimate public consumption for domestic, commercial, industrial, and any other purpose."

SEC. 5. Said Natural Gas Act is amended by adding thereto the following section:

"SEC. 5½. The Commission in its regulation of rates and charges of a natural-gas company for the transportation and sale of natural gas subject to its jurisdiction and in the exercise of all its other functions under this act shall be governed and controlled by the following provisions:

"(a) It shall allow to a natural-gas company as an operating expense an amount determined as follows: (1) the actual prices paid for gas purchased if the purchase is made by a natural-gas company from nonaffiliates and nonsubsidiaries; (2) if the gas is produced by a natural-gas company or purchased from a subsidiary or affiliate, the prevailing market price in the field or fields where produced for natural gas of comparable quality, volume and pressure, delivered under similar conditions, if such market price exists in said field; or, if there is no prevailing market price for such natural gas in said field or fields in which produced, the fair and reasonable value of such gas, taking into consideration prevailing prices for natural gas of a comparable quality, volume and pressure, delivered under similar conditions in the general vicinity, and other pertinent factors, provided such value shall exclude a calculated value for such gas based upon the producer's investment in and cost of the properties from which such gas is produced and shall be restricted to the purposes of this section; and (3) reasonable compensation for gathering all of such gas produced by such natural-gas company or purchased by a subsidiary or affiliate of such natural-gas company, and for delivering the same to the inlet or inlets of the transmission facilities of such natural-gas company: *Provided,* That a natural-gas company owning production facilities or gathering facilities, or both, upon the date when this subsection takes effect may elect, by filing a written statement with the Commission not later than 90 days after such date, that its production and gathering facilities then owned and thereafter acquired shall be included with its facilities used for the transportation of natural gas in interstate commerce in any determination by the Commission of the rates and charges of such company subject to the jurisdiction of the Commission; and after the exercise of such election, the provisions of clauses numbered (2) and (3) of this subsection shall not be applied by the Commission in determining such rates and charges.

"(b) If a natural-gas company is engaged in operations and activities which are not within the Commission's jurisdiction, the Commission, prior to the fixation and determination of the rate base and the rates

subject to the jurisdiction of the Commission, shall (1) segregate from all the property and facilities of such natural-gas company the property and facilities used in the operations and activities subject to the Commission's jurisdiction under this act by proper allocation made in accordance with the use to which the property and facilities are devoted; (2) segregate from all the revenues of such natural-gas company the revenues received from its operations and activities subject to the Commission's jurisdiction under this act; (3) segregate from all the expenses of such natural-gas company the expenses incurred or expended in the operations and activities subject to the Commission's jurisdiction under this act by proper allocation made in accordance with the use to which the property and facilities of such natural-gas company are devoted; and (4) in making such segregations and allocations of property, revenues, and expenses; the Commission shall not assign to the jurisdictional class of property, operations, and activities any of the properties, revenues, or expenses of a nonjurisdictional class of properties, operations, and activities."

SEC. 6. Section 7, as amended, of said Natural Gas Act is amended by adding at the end thereof the following subsection:

"(h) It shall be the duty of every natural gas company furnishing natural gas directly or indirectly to any distributing company for distribution and resale to the public as a public utility service to furnish and supply service which is reasonable, having regard to the public utility character thereof, and to the duty of such distributing company to supply reasonable service to its customers. The Commission shall have power upon complaint or upon its own motion, after notice and opportunity for hearing, by order to require any natural gas company to perform its obligations under this subsection and to install and maintain such service instrumentalities as shall be reasonably necessary for that purpose. With respect to trunk transmission facilities this subsection is subject to the proviso contained in subsection (a) of this section."

SEC. 7. (a) Subparagraph (b) of paragraph (1) of section 1 of the Interstate Commerce Act, as amended, is amended to read as follows:

"(b) The transportation of oil or other commodity, except water and except natural or artificial gas, by pipe line, or partly by pipe line and partly by railroad or by water; or the transportation of natural gas by pipe line solely for others for hire, and not engaged in the selling of natural gas; or".

(b) The first sentence of paragraph (3) (a) of section 1 of the Interstate Commerce Act, as amended, is amended by inserting after the words "pipe-line companies" the words "subject to the provisions of this part."

Mr. WOLVERTON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and that amendments be in order to any part of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read as follows:

Committee amendment: On page 6, line 22, strike out "a" and insert "such."

The committee amendment was agreed to.

Mr. PRIEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRIEST: On page 1, line 3, strike out all after the enacting clause and insert the following:

"That subsection (b) of section 1 of the Natural Gas Act, approved June 21, 1938, is hereby amended to read as follows:

"'(b) The provisions of this act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of naural gas or to the facilities used for such distribution or to the production or gathering of natural gas; or, as to those engaged only in production and gathering, to the sale of such gas at arm's length prior to its transportation in interstate commerce, all as hereinafter defined.'

"Section 2 of the act is amended by adding thereto subsections (10), (11), (12), and (13), as follows:

"'(10) "Production" means the extraction of natural gas from reservoirs by means of wells, including any operations incident to production for the separation of casinghead gas from oil or of residue gas from other hydrocarbons, and the delivery of such natural or residue gas by the producer to one engaged in gathering or transportation within the meaning of this act.

"'(11) "Gathering" means the collecting of natural gas from wells of the gatherer or other producers by its movement to central points through pipe lines and other facilities, including those for further processing and compression as a part of gathering, and only such incidental transportation by the gatherer as may be necessary for delivery of such gas into the transmission facilities used for the subsequent transportation of natural gas in interstate commerce within the meaning of this act.

"'(12) "Transportation of natural gas in interstate commerce within the meaning of this act" is limited to the movement of natural gas in interstate commerce through pipe lines and related facilities (including facilities for surface or underground storage as a part of transportation operations) after the completion of production or gathering as above defined, but before the beginning of local distribution.

"'(13) "Sale at arm's length to a natural-gas company" means a sale by any individual, partnership, association, or corporation not standing in such relation to such natural-gas company, by reason of voting-stock interest, common officers or directors, or other evidence of affiliation, that there is liable to be such an absence of independent bargaining in transactions between them as to be contrary to the public interest.'"

Mr. PRIEST (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the remainder of the amendment, which simply consists of definitions, be dispensed with and that it be considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. WOLVERTON. Mr. Chairman, reserving the right to object, is this substitute that you are now offering the same one that was submitted to us by the Federal Power Commission?

Mr. PRIEST. I will say to my chairman that it is substantially the same. There might be a word or two in the language changed, but substantially it is the recommendation submitted to the committee and to our chairman by the Commission.

Mr. WOLVERTON. Which is the bill that they submitted on or about July 1 after our hearings had been concluded?

Mr. PRIEST. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. PRIEST. Mr. Chairman, as I stated when I spoke very briefly in general debate, I believe there should be some legislation on this subject. I agree with every member of the committee that there should be. I am offering this suggestion, which is a very simple amendment clarifying the language with reference to the jurisdiction of the Commission over production and gathering in an effort to get that part of the law clarified and in an effort also to permit the Congress to have additional time to study these other broader questions of end-use, and field prices, and export and import, and many of the other rather complex problems that grow out of the natural gas industry before taking any final action of a broad and sweeping nature in the revision of this important act.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. RIZLEY. Mr. Chairman, there is no one in the House for whom I have greater respect than the distinguished gentleman from Tennessee. He has been very helpful all the way through on this legislation. But as he readily admits here, this is an amendment which was designed by the Federal Power Commission itself after all the hearings were concluded and after it had become obvious, I think to everyone, that we were going to have legislation in connection with this matter. I think it is a little late coming now. There was no chance to have further hearings. The hearings were closed, The substitute bill was introduced as recently as July 7th of this year. It was prepared, I believe, as my friend said, by the Federal Power Commission, the very Commission whose opinions we are attempting to correct by this legislation. I believe it does come a little late now.

Mr. PRIEST. Mr. Chairman, I do not have time to yield further, but may I say in that respect that this recommendation was sent to the committee after our committee had asked the Commission for its recommendations with reference to language that would clarify the act following the decision in the interstate case. They did not voluntarily send the letter. At the request of the committee the Commission explained their interest in the matter, and they wrote language which in their opinion should be enacted into law to clarify the law. On the basis of that letter and on the basis of recommendations that they made and also on the basis of my own views on the matter that we should have a simple act clarifying it at this time, I introduced this amendment. I regret very much that I did not have time to present this matter to the committee before the committee had finished its hearings because I believe we might have obtained some consideration of a

more simple measure, one less broad in scope than the bill now before us and one that would enable us to be certain of the effect on the consumer, the producer, and the transporter, and the general effect all the way around. Frankly, I am quite uncertain about the effect of the broad bill now before us.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. HARRIS. Would not the effect of the gentleman's amendment be to include in the present law only this language, "or, as to those engaged only in production and gathering, to the sale of such gas at arm's length prior to its transportation in interstate commerce, all as hereinafter defined."

Mr. PRIEST. The gentleman is exactly correct. That is my opinion of what was originally desired in the Rizley bill. That is the effect of it.

Mr. HARRIS. Does not the gentleman realize that this merely exempts a very small percentage of those engaged in this industry? Probably 4 or 5 percent?

Mr. PRIEST. I am not sure about the percentage. Perhaps it is a comparatively small percentage. Within a very few months we will have before us a very comprehensive survey of this whole field that has been going on for some time.

Mr. HARRIS. Will the gentleman yield further?

Mr. PRIEST. I yield.

Mr. HARRIS. How long has that survey been underway?

Mr. PRIEST. Well, it has been quite some time. I do not know exactly.

Mr. HARRIS. Has it not been over 2 years?

Mr. PRIEST. It has been close to 2 years, at least.

Mr. HARRIS. Was it not back in March of this year when this hearing got under way and the Commission advised us that it expected to have this report in a few months, and we have not heard anything yet from them?

Mr. PRIEST. Yes. They advised us at that time that they expected to have that report in. I understand they will have it in within a few months.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. PRIEST] has expired.

Mr. BECKWORTH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as has been pointed out by the gentleman from Arkansas [Mr. HARRIS] it is quite obvious that the effect of the amendment offered by the gentleman from Tennessee [Mr. PRIEST] will be to continue the kind of words with which in the main fault is today being found. In other words, the change will be very, very nominal.

Before I was compelled to stop a moment ago, I was trying to give you an actual example of the experience of one particular company by virtue of delay occasioned by failure of the Federal Power Commission to act. This company, the Chicago Corp., which today is undertaking to make gasoline from natural gas, an undertaking, as I said a moment ago, which is a strictly venture-capital undertaking, but an undertaking, practical as it is, that will set the pace, we hope, for much additional utilization of gas in its many possible uses.

This letter was written June 3, 1947, by Mr. Richard Wagner, of the Chicago Corp.:

> As you doubtless know the Federal Power Commission advised us that before the hearings were resumed on the Rizley bill they were going to issue an order the next day finding us to be clear of any of the provisions of the Natural Gas Act. This ends 2½ years of extreme uncertainty in our gas and oil operations and enables us now to go ahead with some confidence in the expansion of those activities. The Federal Power Commission's decision likewise should do much to clear up some of the fears and thoughts of the oil industry generally with respect to the application of the Natural Gas Act.
>
> However, we continue to be of the opinion that the act should be amended to clearly exempt production, gathering, and processing from the jurisdiction of the Federal Power Commission. As I told you personally we have every intention of doing our bit in promoting State conservation through the establishment of additional casinghead plants to recover flare gas. However, we could go ahead with much more certainty if the act were amended.

Again I repeat, the important thing to people engaged in the industry is to know and to know soon where they stand and how they stand.

H. R. 4099, the Priest bill, does not correct the field price provisions of the present law nor the application of certain rate provisions of the present powers of the Commission. It has followed that properties have been destroyed and in many instances operators have been discouraged and hesitate to subject themselves to the jurisdiction of the Commission.

I want to read just a little from the opinion of Justice Jackson. He did give an opinion with reference to the field price situation that obtains with regard to natural gas:

> These orders—

Talking about the orders of the Federal Power Commission—

> in some instances result in three different prices for gas from the same well. The regulated company is a part owner, an unregulated company is a part owner, and the land owner has a royalty share of the production from certain wells. The regulated company buys all of the gas for its interstate business. It is allowed to pay as operating expenses an unregulated contract price for its coowner's share and a different unregulated contract price for the royalty owner's share, but for its own share it is allowed substantially less than either. Any method of rate making by which an identical product from a single well, going to the same consumers, has three prices, depending on who owns it, does not make sense to me.

If it does not make sense to Justice Jackson in this instance I am afraid it is pretty difficult to make sense to some of us others.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WORLEY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WORLEY. Mr. Chairman, in the Natural Gas Act of 1938 the Congress sought to provide for Federal regulation of a zone which properly was the business of the Federal Government. That was the purely interstate phase of this great, growing industry. On the producing end the States themselves exercise jurisdiction and regulation over conservation of the product so that it may be devoted to useful purposes, they levy and collect taxes on the properties and the gas produced. This field of regulation is occupied.

On the retail distribution end, the States and the municipalities regulate the rates charged to the consumers and make other regulations suitable to safety and the orderly conduct of the business. This, also, is a field of regulation that is occupied.

It was the purely interstate phase—the transmission of natural gas from the producing fields on one end and the local sales on the other—that the Natural Gas Act was designed to cover.

By extension and self-interpretation, the Federal Power Commission, to whom administration of the act was delegated, has encroached on the authority of State and local regulatory agencies. To end the confusion and the conflict thus created there has come a concerted appeal from these State officials and from the industry to the Congress to amend the Natural Gas Act.

We are asked to make the limits of Federal authority so clear that there can be no occasion for continuance of the present uncertainty.

Of outstanding importance to the consumers is the proposed prohibition on what is referred to as the end-use issue. There certainly is nothing in the Natural Gas Act or in any other law of this Nation which authorizes any agency to say what is a "superior" and what an "inferior" use of natural gas. It is a theory that is repugnant to our life and enterprise. Yet, such regulation has been attempted by the Federal Power Commission. It is time that Congress end such assumption of power.

The producers of both natural gas and oil are apprehensive at another interpretation of the law which has crept in. Spokesmen for the Federal Power Commission have recently agreed that the law does not confer the authority to regulate the production and the gathering of natural gas, yet, as the testimony in the recent hearings clearly proved, by certain of its decisions the Commission has attempted such regulation.

There actually are producers who will not contract to sell their gas for fear that they will be classified as natural-gas companies and be subject to all the Federal regulations applying to such companies within the statutory meaning of the term. There are thousands of producers of oil who also produce gas.

The two resources occur together in all but the "dry gas" fields. To produce oil it is necessary to produce gas. If the Federal Power Commission regulated the one it would regulate the production of the other. The States themselves regulate production of both. Such regulation is the basis of our great successful

conservation program. It is a field that is already occupied. Federal regulation of production and gathering of gas would produce a state of confusion and jurisdictional chaos that would have a paralyzing effect upon the exploration and development activities all over the Nation.

The Federal Power Commission concedes in one breath that it has no authority for that form of regulation and in the next urges that it is a matter that should be left to its discretion, that there are borderline cases which it should decide.

The producers to whom we look for assurance of supply of oil and gas and the consumers who depend on the efforts of the producers are entitled to a final and unequivocal decision by the Congress. The several oil- and gas-producing States are entitled to the assurance that their conservation efforts will not be usurped by an agency fitted neither by authority nor experience to attempt the regulation of production and gathering and processing in the field.

It is time the Congress should clearly delineate exactly what power it intended to give the Federal Power Commission in this field. Based on the number of letters I have received from land and royalty owners, independent producers, and many others in my district, they feel the continued encroachment of the Federal Power Commission would be harmful. I hope this committee can and will take immediate steps to report suitable legislation to the House for action.

Mr. MUHLENBERG. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. MUHLENBERG. Mr. Chairman, I do not expect to take 5 minutes to ask the question I wish to ask, but it seems to me that for the record we should have set forth the parallel position between the answer of the Federal Power Commission as given this committee and the answers the Federal Power Commission has given the Committee on Public Works, of which I am a member.

To the Committee on Public Works the Federal Power Commission has denied time and again in their testimony that they ever go beyond the wholesale point in sales. Here, apparently, the very opposite has been the case and they have asserted to the committee their jurisdiction over retail sales. I would therefore like to have the point clarified as to whether in the one case to us they deny it and in the instant case before you they declare it. Am I correct?

Mr. RIZLEY. The gentleman is absolutely correct.

One of the purposes of this bill is to keep the Federal Power Commission, so to speak, within its own barnyard. The State regulatory bodies are supposed to look after the retail sales of gas after it goes into the hands of the distributing companies; they take care of the distributing companies. The jurisdiction of the Federal Power Commission can only begin where the gas enters the interstate line and ends where it leaves the line.

Mr. MUHLENBERG. That is exactly the important point of this legislation. It seems to me the time has come when the Federal Power Commission's jurisdiction must be checked, and here is an opportunity in this bill at least to assume the position that we in Congress believe is the right one and the one we want followed. I think, therefore, the legislation is good and should be passed.

Mr. CARROLL. Mr. Chairman, I move to strike out the last four words.

I rise to speak in favor of the amendment offered by the gentleman from Tennessee. I do not profess to be an expert concerning the provisions of this bill but it is crystal clear to me that the purpose of this legislation is to deprive the Federal Power Commission of its jurisdiction to regulate gas rates in the protection of the consumer. The present bill, unless amended, is contrary to the public interest. If we permit this bill to pass unchallenged we are violating the trust reposed in us by virtue of the high office which we hold.

It is openly admitted on the floor of this House that the proposed bill will change existing law in at least two important respects. Those in favor of the bill charge that the Federal Power Commission has been extending and invoking its jurisdiction in the natural gas industry by applying a formula for the fixing of gas rates contrary to the intent of Congress. This is not the first time that such an argument has been presented. Actually this very point has been litigated in many courts and only recently the Supreme Court of the United States has upheld the position taken by the Federal Power Commission. The truth, then, is this. Having exhausted all of the legal remedies available in the courts of the Nation, those backing this bill now come before the Congress requesting that we enact legislation nullifying and destroying the interpretations and concepts given by court decisions under the Natural Gas Act as passed by Congress some years ago.

There is no doubt about this for those sponsoring this legislation would readily admit that that is the very purpose of the bill. This is to be accomplished by changing the present rate-making formula now being used by the Federal Power Commission. Does anyone deny that if we accept the change in formula as evidenced by this proposed legislation that such change will not result in an increase in the gas rate to the consumer? That being true, then the whole purpose of this legislation will result in a rate increase.

I have some knowledge of this matter although I do not profess to be an expert. Not long ago the people of the city of Denver, through their representatives, in cooperation with the Federal Power Commission, were successful in the courts in establishing that consumers of natural gas were being overcharged. There was spirited litigation on this issue and had it not been for the jurisdiction of the Federal Power Commission there would have been no relief to the people of Denver. That litigation resulted in the repayment to Denver consumers of approximately $4,000,000. This is fresh in my mind because the repayment has just been made within the last few months. If my memory serves me correctly, consumers in other areas received additional millions of dollars as a result of the vigilance of the Federal Power Commission.

Now what was the basis of this overcharge? As I understand it, natural-gas companies engaged in interstate commerce were using as a basis for rate-making purposes certain expenses incurred in producing, gathering, transporting, and distributing natural gas. I do not have the time to go into great detail. However, it is sufficient to say that the Federal Power Commission and the courts have held that there was an unwarranted loading of expenses which in turn resulted in unreasonable rates to the ultimate consumer. If we now take away from the Federal Power Commission its present jurisdiction, the inevitable result will be higher rates to the consumer.

The amendment offered by the gentleman from Tennessee, so he informs me, will give to the independent producer, in natural-gas areas, complete freedom of action; that there will be no control by the Federal Power Commission unless and until they affiliate themselves with that portion of the natural-gas industry engaged in interstate commerce. If they so affiliate themselves they then become subject to the jurisdiction of the Commission under existing administrative and legal interpretations.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield to the gentleman from Arkansas.

Mr. HARRIS. How does the gentleman draw a distinction between the price of gas in fields owned by transportation companies and natural-gas companies, and the independent producers?

Mr. CARROLL. The only distinction I am able to draw at all, because I do not have the factual background that the gentleman from Arkansas has, is based upon his own statement to this body which was to the effect that this bill will change the formula, and I submit if you change the formula you change the basis for rate-making.

Mr. HARRIS. Does the gentleman believe if he owns a gas field and it belongs to a transportation company that he should have the same rate for his gas that I would have if I were an independent producer in that same field?

Mr. CARROLL. Perhaps I can answer that in this way: If a large utility goes into an area and it leases or takes over an independent who becomes a subsidiary, then they use that connection to build up rates, as they have always done, they ought to subject themselves to the jurisdiction of the Federal Power Commission, assuming movement of gas in interstate commerce.

Mr. HARRIS. Does not the gentleman have a local commission in his State that adjusts rates to the consumers?

Mr. CARROLL. The local commission has limited jurisdiction. It cannot go into these matters of production, gathering and transportation. That requires a Federal agency that has investigators, that has the power of investigation, that has the facilities to gather all the facts in order to give a proper decision. That is the reason I am in favor of the amendment offered by the gentleman from Tennessee.

Mr. HARRIS. The gentleman, I assume, is not familiar with the fact that the local conservation commissions of the several States, all States, I believe, with the exception of one, has complete jurisdiction to determine those matters with reference to production and gathering?

Mr. CARROLL. The gentleman from Arkansas knows, I am sure, because he has much greater knowledge than I have on this subject, if it had adequate jurisdiction these great companies would not be trying to modify the Natural Gas Act today. The whole purpose, I submit, and I do not impugn the motive of any member of this committee, is to increase the gas rate to the consumer. The millions of dollars they have been required to pay back because of overcharges they will now seek to recapture if this bill passes without this amendment.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield to the gentleman from Louisiana.

Mr. BROOKS. May I say that my interest in this has been largely from the viewpoint of the little independent operator or the little independent producer. The statement made by Maj. B. A. Hardey, who represents the independent oil and gas operators of the United States, is a rather convincing statement and from his viewpoint he feels that some legislation is necessary.

Mr. CARROLL. I may say to the gentleman that the amendment offered by the gentleman from Tennessee will give that complete freedom of action unless they affiliate.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. RIZLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am sure that the distinguished gentleman from Colorado is somewhat confused about the purposes of this bill. For his enlightenment I would like to call his attention to what the Federal Power Commission itself said in a staff report that it released about the necessity of some legislation. That was after the Commission had spent considerable time on this Docket 580 and had heard witnesses throughout the country not only from the industry, but from various other segments of business.

It is evident from the testimony, indicating a widespread atmosphere of anxiety and uncertainty among State officials and the industries concerned—

That is the very matter the gentleman is talking about—

that this matter is in need for further clarification. A continuance of the existing disturbed situation is certain to interfere with the effective performance in the public interest of the duties of both the Federal and State regulatory agencies in their respective spheres—

That is the Federal Power Commission speaking—

and it will also affect adversely the interests and actions of oil and gas producers, land and royalty owners, and the transmission companies which purchase gas in the field. It may be expected, also, that unless this issue is clarified, the results will be detrimental to those who consume natural gas and to the efforts of conservation authorities to prevent its waste.

That is from the Federal Power Commission, from a staff report released after they had had these months of investigation.

Now, who is going to make this clarification? Here is the Federal Power Commission which has been in existence for 9 years. I offered this bill. The Federal Power Commission was there and testified. They were heard. But they come in at this late hour, with all due respect to my good friend the gentleman from Tennessee [Mr. PRIEST] and my very good friend from Texas, with a bill that no one knows anything about. They have picked a few crumbs out of the air, so to speak, and said, "Here is what we want"; and my good friend from Tennessee says, "Let us take that and let us just wait a little longer."

Now, they have had 9 years.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. RIZLEY. I yield to the gentleman from Tennessee.

Mr. PRIEST. I am sure my good friend wants to be very fair; he always has been. I regard him very highly. I stated to the committee, and my friend from Oklahoma knows, that my position is that this bill is very simple; that it does only one thing which I claim for it, and that is that it exempts the independent producer and the gatherer of natural gas from any jurisdiction by the Federal Power Commission. Other than that, it does not do a thing. I do not claim anything else for it. I do not believe we should do more than that at the present.

Mr. RIZLEY. Well, I just want to say in closing that the Committee on Interstate and Foreign Commerce was very patient with me, and very patient with everyone who wanted to be heard. They spent days and days on this matter. After the conclusion of many, many days' testimony and statements—they were not all there, but I think my friend from Tennessee was there—they voted the Rizley bill unanimously out of that committee. Now, it seems to me we would be rather presumptive at this late hour to come in now and accept a substitute for my bill; a substitute that was written by the Federal Power Commission, the very people who we are attempting to enlighten.

Mr. PRIEST. Mr. Chairman, will the gentleman yield for just one more question?

Mr. RIZLEY. I yield.

Mr. PRIEST. The gentleman is correct that I was present, and it will be recalled, however, that I voted to report the bill, believing we should have legislation with reservations.

Mr. RIZLEY. I appreciate fully the fine work that the gentleman from Tennessee has done.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

The question is on the amendment offered by the gentleman from Tennessee.

The amendment was rejected.

Mr. PRIEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRIEST: On page 9, line 22, strike out all of section 7.

Mr. PRIEST. Mr. Chairman, this is an amendment to strike out section 7 of the bill, which is that section of the bill which provides that where a pipe line shall be engaged for hire to transport natural gas it shall be regulated by the Interstate Commerce Commission. That section of the bill amends the Interstate Commerce Act and not the Natural Gas Act.

I feel that the amendment is entirely out of place in this bill. I feel further that it is an amendment that might in the future cause great difficulty in the supply of natural gas in my own area, for instance. We are consumers there, we are not producers. It is my judgment that a common carrier must accept what is offered to it for transportation and delivery to the point to which it is consigned. Therefore, there would be no question, if the gas line that serves my particular area now, decides in the future to operate as a common carrier, that it would not be required under a certificate of convenience and necessity to supply consumers in the area with natural gas. I think this is very clear.

I shall not take any more of the time of the committee, but I do hope this section will be stricken from the bill. I see no place for it in this bill.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Arkansas.

Mr. HARRIS. In other words, this amendment concerning a common carrier for hire of natural gas would put the jurisdiction under the Interstate Commerce Commission. Can the gentleman think of any industry insofar as serving the public or the consumers is concerned, to which this would apply?

Mr. PRIEST. I do not know of any instance. I think it would not apply to any operating gas line today that is transporting natural gas. I think it might apply in the future. I believe the committee report states that one purpose of it is that it would encourage perhaps a wider distribution of natural gas if some encouragement were given to the operators of pipe lines to act as common carriers for the transportation of natural gas. I cannot see any place for this section in a bill that is supposed to clarify the jurisdiction of the Federal Power Commission over the production and gathering of natural gas. It simply does not belong here.

I hope the amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The amendment was rejected.

Mr. SCHWABE of Oklahoma. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to say merely that the independent oil and gas producers of this country have always been and are among the foremost believers in the American system of free enterprise. They are almost unanimously for this legislation and are urging its enactment by this Congress.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time merely to call attention to page 10 of the report

under the title "Direct Sales." The language contained in the report has caused very much confusion.

In my own State of Indiana the supreme court has decided one case which is very outstanding, entitled the Public Service Commission of Indiana versus Panhandle Eastern Pipe Line Co. It is No. 28,225 on the supreme court docket of Indiana, and was decided on the 5th day of February 1947.

Mr. ROBSION. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. ROBSION. Is that decision contrary to the provisions of this bill?

Mr. SPRINGER. That decision merely clarifies the language to which I have referred on page 10 of the report. Personally, I am in favor of the legislation.

The decision is as follows:

Suggestion is made by appellee, but not very vigorously urged, that it is not a public utility in its service direct to large industrial consumers in Indiana, and is, therefore, not subject to regulation in connection with such service. By the Natural Gas Act (sec. 1 (a)) it appears that the natural-gas business had been investigated by the Federal Trade Commission and reports had been made to Congress, and upon the basis of such investigation and reports Congress declared that the business of transporting and selling natural gas for ultimate distribution to the public is affected with a public interest, and it is traditionally accepted that any business affected with a public interest is subject to regulation and control.

We also have an Indiana statute which defines a public utility, subject to control of the Indiana Public Service Commission, to be "* * * every corporation * * *, that now or hereafter may own, operate, or control any * * * plant or equipment * * * for the * * * transmission, delivery, or furnishing of heat, light, water, or power * * * either directly or indirectly to or for the public * * *" (secs. 54-105 Burns, 1933).

Another Indiana statute became law on February 26, 1945, before the orders involved in this action were made by the Indiana Public Service Commission. Acts of 1945, chapter 53, page 110. This act adds an additional section to the Indiana Public Service Commission Act aimed directly at the natural-gas business, and by the act a "gas utility" was defined to mean and include "any public utility selling or proposing to sell or furnish gas directly to any consumer or consumers within the State of Indiana for his, its, or their domestic, commercial, or industrial use." Certainly appellee is selling and proposing to sell gas directly to consumers in Indiana.

The bottom question on this phase of the case is whether the appellee is furnishing gas in Indiana directly or indirectly to or for the public. Admittedly it is selling gas in Indiana indirectly to and for the public through distributing companies and that makes it a public utility under the Indiana statute, subject to regulation and control by the Indiana Public Service Commission. Also, admittedly it is selling and proposing to sell gas directly to consumers within the State. This part of its business and its interstate transportation and its sales to local distributing utilities are so integrated that in any practical consideration of the State's right to regulate direct sales to consumers that activity must be appraised as a part of its entire business in Indiana. Its rights and duties, with reference to such direct sales, must be determined in the light of its overall character in the State of Indiana. It will compete with local activities in soliciting industrial business and will be in position to discriminate in its service and in its rates and in its regulations. This freedom is inconsistent with all concepts of the duties and obligations of a person or corporation engaged in such business.

The primary duty of a public utility is to serve on reasonable terms all those who desire the service it renders. This duty does not permit it to pick and choose and to serve only those portions of the territory which it finds most profitable, leaving the remainder to get along without the service which it alone is in a position to give. *United Fuel Gas Co.* v. *Railroad Commission* ((1929), 278 U. S. 300, 309, 73 L. Ed. 390, 396); *Industrial Gas Co.* v. *Public Utilities Commission of Ohio* ((1939), 135 Ohio St. 408, 21 N. E. (2d) 166, 168). From the last named case, we quote the following:

"It may well be urged that a corporation, calculated to compete with public utilities and take away business from them, should be under like regulatory restriction if effective governmental supervision is to be maintained. Actual or potential competition with other corporations whose business is clothed with a public interest is a factor to be considered; otherwise corporations could be organized to operate like appellant and in competition with bona fide utilities until the whole State would be honeycombed with them and public regulation would become a sham and delusion.

"What appellant seeks to do is to pick out certain industrial consumers in select territory and serve them under special contracts to the exclusion of all others except such private or domestic consumers as may suit its convenience and advantage. There were other industrial consumers with whom the appellant refused or failed to agree and so did not serve them. If such consumers were served at all, it must necessarily be by a competitor. If a business so carried on may escape public regulation then there would seem to be no valid reason why appellant may not extend the service to double, triple or many times the number now served without being amenable to regulative measures."

The law, as declared in Industrial Gas Company v. Public Utilities Commission of Ohio, supra, seems to us fair, reasonable and logical and, when applied to the facts in the case before us, leaves appellee unquestionably in the position of a public utility subject to regulation.

The same thought which was behind the Ohio case, just cited and quoted, with which thought we agree, was also incorporated in *Re Potter Development Co.* ((1939), 32 P. U. R., N. S. 45), decided by the Public Service Commission of New York. In that case, the Potter Co. sold natural gas to the Corning Glass Works. The Potter Co. obtained its gas from an interstate transmission line and piped it to the Corning Glass Works, which is located in the city of Corning, New York. The glass works was the only customer served by the Potter Co., but the interstate pipe line also furnished gas to an affiliate which, as a public utility, operated the gas distribution system in the city of Corning. There was a proceeding to determine whether the Potter Co. was a public utility subject to regulation by the New York Public Service Commission. The Commission held that it was, and, in support of its holding argued that to hold otherwise would invite widespread circumvention of the public-service law and would result in a multitude of companies supplying gas under special contracts in competition with public utilities and indicated that such a situation would be intolerable.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CLASON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4051) to amend the Natural Gas Act approved June 21, 1938, as amended, pursuant to House Resolution 278, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. CARROLL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CARROLL. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CARROLL moves to recommit the bill to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the bill back to the House forthwith with the following amendment: Strike out all after the enacting clause of H. R. 4051 and insert in lieu thereof the following: "That subsection (b) of section 1 of the Natural Gas Act, approved June 21, 1938, is hereby amended to read as follows:

"'(b) The provisions of this act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas; or, as to those engaged only in production and gathering, to the sale of such gas at arm's length prior to its transportation in interstate commerce, all as hereinafter defined.'

"Section 2 of the act is amended by adding thereto subsections (10), (11), (12), and (13) as follows:

"'(10) "Production" means the extraction of natural gas from reservoirs by means of wells, including any operations incident to production for the separation of casing-head gas from oil or of residue gas from other hydrocarbons, and the delivery of such natural or residue gas by the producer to one engaged in gathering or transportation within the meaning of this act.

"'(11) "Gathering" means the collecting of natural gas from wells of the gatherer or other producers by its movement to central points through pipe lines and other facilities, including those for further processing and compression as a part of gathering, and only such incidental transportation by the gatherer as may be necessary for delivery of such gas into the transmission facilities used for the subsequent transportation of natural gas in interstate commerce within the meaning of this act.

"'(12) "Transportation of natural gas in interstate commerce within the meaning of this act" is limited to the movement of natural gas in interstate commerce through pipe lines and related facilities (including facilities for surface or underground storage as a part of transportation operations) after the completion of production or gathering as above defined, but before the beginning of local distribution.

"'(13) "Sale at arm's length to a natural-gas company" means a sale by any individual, partnership, association, or corporation not standing in such relation to such natural-gas company, by reason of voting-stock interest, common officers or directors, or other evidence of affiliation, that there is liable to be such an absence of independent bargaining in transactions between them as to be contrary to the public interest.'"

Mr. CARROLL (interrupting the reading of the motion). Mr. Speaker, I ask unanimous consent that the further reading of the motion be dispensed with. I might say in explanation that this is the amendment which was just debated in Committee, the amendment submitted by the gentleman from Tennessee [Mr. PRIEST].

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. CARROLL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. FOGARTY) there were—ayes 15, noes 154.

Mr. CARROLL. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and ninety-four Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 64, nays 253, not voting 113, as follows:

[Roll No. 108]

YEAS—64

Allen, Ill.	Fogarty	Manasco
Battle	Folger	Mansfield, Mont.
Buchanan	Forand	Miller, Calif.
Cannon	Gordon	Murray, Tenn.
Carroll	Gore	O'Brien
Chelf	Granger	Potts
Cooper	Hardy	Priest
Corbett	Hart	Rains
Cotton	Havenner	Rankin
Crosser	Hobbs	Rayburn
Davis, Ga.	Huber	Rooney
Deane	Hull	Sabath
Delaney	Jackson, Wash.	Sadowski
Dingell	Karsten, Mo.	Sasscer
Donohue	Kefauver	Scoblick
Douglas	King	Spence
Eberharter	Kirwan	Tibbott
Engle, Calif.	Lane	Towe
Evins	Lanham	Van Zandt
Fallon	Lesinski	Winstead
Feighan	McCormack	
Fenton	Madden	

NAYS—253

Abernethy	Beckworth	Burke
Albert	Bell	Burleson
Allen, Calif.	Bender	Butler
Allen, La.	Bennett, Mo.	Byrnes, Wis.
Almond	Bishop	Camp
Andersen, H. Carl	Blackney	Carson
Anderson, Calif.	Boggs, Del.	Case, S. Dak.
Andresen, August H.	Boggs, La.	Chenoweth
Andrews, Ala.	Bonner	Chiperfield
Angell	Boykin	Church
Arends	Bradley	Clason
Arnold	Bramblett	Clevenger
Bakewell	Brehm	Clippinger
Banta	Brooks	Cole, Kans.
Barrett	Brophy	Colmer
Bates, Mass.	Brown, Ga.	Combs
	Brown, Ohio	Cooley
	Bryson	Cravens
Crawford	Johnson, Ind.	Poulson
Cunningham	Johnson, Okla.	Preston
Curtis	Johnson, Tex.	Price, Fla.
Davis, Tenn.	Jones, Ala.	Ramey
Davis, Wis.	Jonkman	Reed, Ill.
Dawson, Utah	Kearney	Reed, N. Y.
Devitt	Kearns	Rees
D'Ewart	Keating	Reeves
Dolliver	Keefe	Richards
Domengeaux	Kerr	Richlman
Dondero	Kersten, Wis.	Riley
Doughton	Kilburn	Rivers
Elliott	Kilday	Rizley
Ellis	Knutson	Robertson
Elsaesser	Kunkel	Robsion
Elston	Landis	Rockwell
Engel, Mich.	LeFevre	Rogers, Fla.
Fellows	Lewis	Rogers, Mass.
Fernandez	Lodge	Rohrbough
Foote	Love	Russell
Fulton	Lucas	Sadlak
Gary	Lusk	Sanborn
Gathings	Lyle	Sarbacher
Gavin	McConnell	Schwabe, Okla.
Gearhart	McCowen	Scrivner
Gillette	McDonough	Seely-Brown
Gillie	McDowell	Shafer
Goodwin	McGregor	Sheppard
Gossett	McMahon	Short
Graham	McMillan, S. C.	Sikes
Grant, Ala.	MacKinnon	Simpson, Pa.
Grant, Ind.	Mahon	Smathers
Gregory	Maloney	Smith, Maine
Griffiths	Martin, Iowa	Smith, Wis.
Gross	Mathews	Snyder
Gwynne, Iowa	Meade, Ky.	Springer
Hagen	Meade, Md.	Stefan
Hale	Merrow	Stevenson
Hall, Edwin Arthur	Meyer	Stigler
	Miller, Conn.	Stockman
Halleck	Miller, Md.	Stratton
Harless, Ariz.	Miller, Nebr.	Taber
Harness, Ind.	Mills	Talle
Harris	Mitchell	Teague
Harrison	Morris	Thomas, N. J.
Hays	Morrison	Thomas, Tex.
Hébert	Morton	Trimble
Hedrick	Muhlenberg	Twyman
Hendricks	Mundt	Vail
Herter	Murdock	Vorys
Heselton	Murray, Wis.	Vursell
Hess	Nodar	Weichel
Hill	O'Hara	West
Hinshaw	O'Konski	Wheeler
Hoeven	Owens	Whitten
Hoffman	Pace	Whittington
Holmes	Passman	Wigglesworth
Hope	Patman	Williams
Horan	Patterson	Wilson, Ind.
Howell	Peden	Wilson, Tex.
Jackson, Calif.	Peterson	Wolcott
Jarman	Philbin	Wolverton
Javits	Phillips, Calif.	Wood
Jenison	Phillips, Tenn.	Worley
Jenkins, Ohio	Pickett	Youngblood
Jennings	Ploeser	Zimmerman
Jensen	Plumley	
Johnson, Ill.	Poage	

NOT VOTING—113

Andrews, N. Y.	Drewry	Lea
Auchincloss	Durham	LeCompte
Barden	Eaton	Lemke
Bates, Ky.	Ellsworth	Lynch
Beall	Fisher	McGarvey
Bennett, Mich.	Flannagan	McMillen, Ill.
Bland	Fletcher	Mack
Blatnik	Fuller	Macy
Bloom	Gallagher	Mansfield, Tex.
Bolton	Gamble	Marcantonio
Buck	Gifford	Mason
Buckley	Goff	Michener
Buffett	Gorski	Monroney
Bulwinkle	Gwinn, N. Y.	Morgan
Busbey	Hall, Leonard W.	Nixon
Byrne, N. Y.		Norblad
Canfield	Hand	Norrell
Case, N. J.	Hartley	Norton
Celler	Heffernan	O'Toole
Chadwick	Holifield	Pfeifer
Chapman	Jenkins, Pa.	Powell
Clark	Johnson, Calif.	Price, Ill.
Clements	Jones, N. C.	Rabin
Coffin	Jones, Ohio	Rayfiel
Cole, Mo.	Jones, Wash.	Redden
Cole, N. Y.	Judd	Rich
Coudert	Kean	Ross
Courtney	Kee	St. George
Cox	Kelley	Schwabe, Mo.
Crow	Kennedy	Scott, Hardie
Dague	Keogh	Scott, Hugh D., Jr.
Dawson, Ill.	Klein	Simpson, Ill.
Dirksen	Larcade	Smith, Kans.
Dorn	Latham	Smith, Ohio
		Smith, Va.
		Somers
		Stanley
		Sundstrom
	Taylor	Walter
	Thomason	Welch
	Tollefson	Woodruff
	Vinson	
	Wadsworth	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Lea for, with Mr. Cox against.

Mr. Price of Illinois for, with Mr. Vinson against.

Mr. Holifield for, with Mr. Auchincloss against.

Mr. Gorski for, with Mr. Cole of Missouri against.

Mr. Keogh for, with Mr. Cole of New York against.

Mr. Dawson of Illinois for, with Mr. Case of New Jersey against.

Mr. Flannagan for, with Mr. Dague against.

Mr. Courtney for, with Mr. Schwabe of Missouri against.

Mr. Kelley for, with Mr. Sundstrom against.

Mr. O'Toole for, with Mr. Judd against.

Mr. Byrne of New York for, with Mr. Hardie Scott against.

Mr. Rayfiel for, with Mr. Kee against.

Mr. Heffernan for, with Mr. Leonard W. Hall against

Mr. Blatnik for, with Mr. Hugh D. Scott, Jr., against.

Mr. Morgan for, with Mr. McGarvey against.

Mr. Klein for, with Mr. Bennett of Michigan against.

Mr. Walter for, with Mr. Macy against.

Mr. Rabin for, with Mr. Dorn against.

Mr. Lynch for, with Mr. Busbey against.

Mrs. Norton for, with Mr. Canfield against.

Mr. Kennedy for, with Mr. Hand against.

Mr. Powell for, with Mr. Crow against.

Mr. Pfeifer for, with Mr. Eaton against.

Mr. Marcantonio for, with Mr. Gallagher against .

Mr. Buckley for, with Mr. Simpson of Illinois against.

Mr. Celler for, with Mr. Jenkins of Pennsylvania against.

Mr. Somers for, with Mr. Chapman against.

General pairs until further notice:

Mr. Andrews of New York with Mr. Redden.

Mr. Hartley with Mr. Smith of Virginia.

Mr. Chadwick with Mr. Norrell.

Mr. Kean with Mr. Larcade.

Mr. Latham with Mr. Bulwinkle.

Mr. McMillen of Illinois with Mr. Drewry.

Mr. Mason with Mr. Jones of North Carolina.

Mr. Dirksen with Mr. Bates of Kentucky.

Mr. Buck with Mr. Durham.

Mr. Rich with Mr. Stanley.

Mrs. St. George with Mr. Fisher.

Mr. Smith of Ohio with Mr. Bland.

Mr. Gifford with Mr. Clements.

Mr. Gamble with Mr. Monroney.

Mr. Goff with Mr. Thomason.

Mr. Coudert with Mr. Mansfield of Texas.

Mr. O'KONSKI changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. LANHAM. Mr. Speaker, under leave to extend my remarks in the RECORD, I am including therewith an editorial from the St. Louis Post-Dispatch of July 8, 1947, entitled "New Power Trust Drive."

I agree thoroughly with this editorial and am introducing it at this point in the RECORD because I believe that what is said therein about certain bills which would cut the heart out of the law creating the Federal Power Commission is applicable to H. R. 4051 which proposes to amend the Natural Gas Act approved June 21, 1938.

I am convinced that this bill, H. R. 4051, has the same end in view as what is referred to as the second Miller bill. All this is done purportedly to safeguard State's rights. It is not really intended to preserve State's rights but to enable the producers and distributors of natural gas to escape Federal regulations which, after all, is the only real effective regulation of utilities.

NEW POWER TRUST DRIVE

The Power Trust is active again. It is attempting to cut the heart out of the law creating the Federal Power Commission. The tools it is using for this are two bills offered by Representative MILLER, of Connecticut, which up to recently have escaped publicity. Marquis Childs, among others, has thrown the spotlight on these measures.

Does the Power Trust think the country has forgotten the age of Insull, with its reckless and corrupt practices? The country's memory is longer than that. It remembers the orgies of the twenties, when far-flung utility empires swindled investors, corrupted legislators, and even tried to pervert the minds of school children by bribing teachers to spread public utility propaganda in the schools.

Congress took note of the national scandal in 1928 by ordering a sweeping inquiry into utility practices by the Federal Trade Commission. In the following year, Herbert Hoover recommended an overhauling of the Federal Power Commission to enable it to regulate the interstate transmission of electricity. That was done.

The Federal Trade Commission had reported that utility books carried nearly a billion and a half in over-inflated values. In 1935, greater powers were given to the Federal Power Commission. It went to work to squeeze the water out of public utility rate structures, and that work is still going on. But the utilities now seek, under the cover of apathy, a return of the good old days.

One of Representative MILLER'S bills would exempt important interstate movements of electric energy from Federal supervision. The States are powerless, as the Supreme Court has repeatedly decided, to control power exports and imports. Therefore, the effect of the Miller bill would be to restore the no man's land that existed before Hoover took action in 1929. A vast field of power company activity would go unregulated.

MILLER'S second bill is purportedly designed to safeguard States' rights. This is an old dodge. The utilities used the slogan for all it was worth in 1928, not to safeguard States' rights, but to escape Federal scrutiny. If the second Miller bill passes, its effect will be to nullify a national water-conservation policy that has developed over many years quite outside of partisan politics.

The bill narrows the definition of "navigable waters" in such a way, evidently, as to permit a utility to build dams on nonnavigable portions of streams. This might seriously affect the navigable portions, but the Federal Government would be powerless to interfere.

Miller bill No. 2 would open the way to perpetual private power rights, even if they destroyed uses in the public interest, such as flood control, navigation, and irrigation. Under present law, the Government can recapture private developments that interfere with the public interest, but the Miller bill would cloud that process and make its exercise more difficult.

Once again, the Miller bill would exempt nonutilities from the Federal licensing requirement. Many manufacturers have dammed streams and use all the power in their own plants. To exempt these manufacturers from regulation, so the Federal Power Commission holds, would "practically nullify any effective control over stream development for conservation purposes."

As Mr. Childs reports, a parade of power company executives has appeared before a House committee to urge passage of the Miller legislation. They were accompanied by witnesses from several State utility commissions. These commissions, as has repeatedly been shown, are often stooges for the utilities. To quote Mr. Childs:

"The private-utility lobby in a State capital is ordinarily well heeled, and now and then shocking cases of wholesale bribery have come to light."

The drive to put over the Miller legislation is only part of a general effort by private utilities to recapture some of the license they once enjoyed, to the country's sorrow, in the age of Insull. The Power Trust still tries to take over Federal power at the switchboard—in other words, on the companies' own terms. After refusing to enter the field of rural electrification utilities now attempt to sabotage REA appropriations, and to make cutthroat raids on electric systems owned by the farmers themselves. The power industry is out to wreck the Southwestern Power Administration and to prevent the extension of the TVA idea.

The country should be alerted to the dangers inherent in the resurgent campaign of the Power Trust. The first countermove should be the death of the Miller bill.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

MESSAGES FROM THE SENATE AND SIGNING ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills or joint resolutions passed by the two Houses found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM, WEEK OF JULY 14

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I take this time to announce the program for next week.

Monday is District of Columbia day, and I understand there are some bills on that calendar to be called.

Tuesday the Private Calendar will be called.

Beginning on Monday, and taking advantage of such time as may be available through the week, the following bills will be considered:

H. R. 3813, loyalty bill.

H. R. 4102, scientific foundation bill.

H. R. 1639, Employers Liability Act.

Senate Joint Resolution 123, repeal certain emergency statutes.

House Resolution 211, public works survey.

H. R. 1602, national mineral resources bill.

H. R. 3952, amend section 10, Federal Reserve Act.

House Joint Resolution 222, terminating consumer credit controls.

H. R. 3682, assistance to war-incurred school enrollment.

The unification bill from the Committee on Expenditures will likely be reported and ready for action next week. The bill will be called whenever it is ready, possibly as early as Wednesday of next week.

Of course, conference reports will be in order at any time and may be called at any time; likewise, urgent rules that may be reported, may be called up at any time.

REPORTS ON H. R. 1468, 1470, AND 2271

Mr. HOBBS. Mr. Speaker, by authority of the two subcommittee chairmen I ask unanimous consent that the bills H. R. 1468, H. R. 1470, and H. R. 2271 may be reported at any time between now and midnight tomorrow, July 12.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

JOSEPH H. CALLAHAN, MINORITY EMPLOYEE

Mr. FORAND. Mr. Speaker, I offer a resolution (H. Res. 287) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That pursuant to the Legislative Pay Act of 1929, as amended, Joseph H. Callahan is hereby designated a minority employee (to fill an existing vacancy) until otherwise ordered by the House, and receive compensation at the basic rate of $5,000 per annum.

The resolution was agreed to.

BASEBALL GAME—REPUBLICANS VERSUS DEMOCRATS

Mr. BISHOP. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make a statement.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BISHOP. Mr. Speaker, after the mixture of sugar and oil, tomorrow the Democrats will oppose the Republicans out at Griffith Stadium. I am sure that for this worthy cause the membership will show great interest and cooperation and make possible a large fund to the Metropolitan Police Boys' Club. I am sure, handling the Republican side of this baseball game, that you will be amazed at the fine talent that will be exhibited on the field tomorrow.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. BISHOP. I yield.

Mr. RAYBURN. Will the Democrats have anything to do with the selecting of the umpires?

Mr. BISHOP. I may say to the distinguished minority leader that the umpires have already been selected. The gentleman from Oregon [Mr. STOCKMAN] will represent the Republicans, and the gentleman from Oklahoma [Mr. ALBERT] will represent the Democrats.

Mr. SHAFER. Mr. Speaker, will the gentleman yield?

Mr. BISHOP. I yield.

Mr. SHAFER. I have been informed that the great broadcasting companies consider this game of such importance that it will be televised. Is that true?

Mr. BISHOP. That is true, and likewise it will be broadcast.

I may say to the membership that we might call on the grandstands for a little assistance, so come out tomorrow and be present.

I now yield to the gentleman from Illinois [Mr. PRICE].

The SPEAKER. The gentleman from Illinois [Mr. PRICE] is recognized.

Mr. PRICE of Illinois. After listening to the remarks of the manager of the Republican team I want to tell him that he is liable to be in the minority. I want the Democrats to be out there tomorrow in full force, because I believe we will show the Republicans that at least they will not have majority control of the diamond. We will have nine players, and I believe we will be able to take care of them.

Seriously, I wish to announce that Chief Justice Vinson will throw out the first ball. I hope you will circulate the word around. Let us have a big turn-out so we can raise some real money for the boys.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. PRICE of Illinois. I yield.

Mr. COOLEY. At what time is the game?

Mr. PRICE of Illinois. At 2:30 p. m. I want all the Democrats to be there at 1 o'clock.

EXTENSION OF REMARKS

Mr. SHAFER asked and was given permission to extend his remarks in the Appendix of the RECORD and include a report from his subcommittee.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made on the bill H. R. 4051 this afternoon and to include therewith portions of the Supreme Court decision to which I referred in those remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. YOUNGBLOOD asked and was given permission to extend his remarks in the RECORD.

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in the Appendix and include a radio address.

Mr. MANSFIELD of Montana. Mr. Speaker, I ask unanimous consent to insert my remarks on House Joint Resolution 237 immediately after the remarks of my colleague from Pennsylvania [Mr. FULTON] and to include in those remarks excerpts from a speech I made covering this subject last February 3.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD immediately following the bill H. R. 4051 and include in my remarks an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

EXPLANATION OF H. R. 4150, DESIGNATED AS AGRICULTURAL COORDINATION ACT OF 1947

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Speaker, just before the House adjourned yesterday, I introduced a bill the purpose of which is to provide for the coordination of agricultural soil and water conservation programs and is to be known and designated as the "Agricultural Coordination Act of 1947." It is H. R. 4150. I desire to discuss briefly the urgent need for such legislation. For many weeks my colleague, the gentleman from Colorado [Mr. HILL], and I have worked together in the preparation of the bill, and to avoid all possible criticism to the effect that the bill is involved, in any way, in partisan politics, the gentleman from Colorado [Mr. HILL] introduced an identical bill at the same time the H. R. 4150 was introduced by me. Mr. HILL's bill is H. R. 4151. Before writing the bill the gentleman from Colorado, Congressman HILL, and I discussed its provisions with farmers, farm leaders, and officials of the United States Department of Agriculture, and we believe that the bill is a proper approach to the problems with which it purports to deal. Of course, it is not a perfect piece of legislation. Since its paramount purpose is to coordinate the activities of governmental agencies and to avoid duplication and overlapping of effort and to economize in both money and men, it will naturally provoke controversy. It is not our purpose to insist upon hearings at the present session of Congress, since time and other pressing matters will not permit full and complete hearings before the adjournment of the present session. We do, however, hope that the bill and all of its provisions will be carefully considered and studied by the Membership of the House, by officials of both the Federal and State Governments by farmers and farm leaders between now and the convening of Congress in January.

For quite some time the farmers of the Nation have become increasingly concerned over the duplication and overlapping in governmental agencies. A multiplicity of governmental organizations engaged in similar activities and reaching out from Washington to deal with individual farms and farmers not only becomes bewildering and irritating but certainly cannot in any way be justified. The time has come when we should practice economy in government not by arbitrarily reducing appropriations but by a scientific method of selection. Unquestionably, there are flagrant violations of the true rule of real economy involved in the field of conservation. Unquestionably, there is a duplication of effort and a waste of manpower and money. The prevention of duplication and overlapping and the waste of manpower and money is the real objective of the legislation to which I have referred. In the programs and activities of agencies of the Government engaged in agricultural conservation, land use, and in assistance to farmers and farm planning, the administration should be coordinated and as far as possible decentralized, in the interest of economy, efficiency, and better service to farmers, if we are to achieve the maximum results and give assistance to the maximum number of farmers at a minimum cost to the Government.

The agricultural coordination bill seeks to correct this situation by spelling out specifically the duties and responsibilities of the officials of the agencies engaged in agricultural conservation and requiring effective coordination of their activities and programs. The bill does not abolish, handicap, or cripple any vital or needed service to farmers. It is not the purpose of the bill to abolish any worthwhile activity. On the contrary, we seek only to achieve greater results in conservation and to extend the benefits to the masses of farmers. By decentralizing the administration of the very vital and much-needed programs of the agencies involved, it will result in adapting conservation programs to the needs and conditions existing in the respective States and localities. The placing of greater responsibility at State and county levels will result in more efficient administration and more practical and satisfactory programs. The coordination of programs and activities and the elimination of duplication will make possible the saving of millions of dollars annually in administrative costs and will be in the greater interest of farmers and definitely in the interest of the general welfare.

Under the present situation, if a farmer is in need of advice and assistance in connection with soil-conservation programs and programs designed to aid him in good soil-conservation or building practices, such as terracing, contour farming, strip farming, drainage, and numerous other problems, it is difficult for him to determine the proper agency upon which to call, for the reason that the Extension Service, Soil Conservation Service, and the Agricultural Adjustment Administration, to say nothing of the agricultural teachers in the community, are all in a position to offer technical aid and assistance. The farmer, therefore, experiences difficulty in selecting the person to be called upon for assistance. In most of the agricultural communities of the Nation you will now

find agricultural extension agents, soil-conservation agents, triple A committeemen, and the teachers of vocational agriculture. Frankness required me to confess that in many communities these several agents have coordinated their activities quite well, but in other communities there is a rivalry and great waste, which can neither be tolerated nor justified. Frankness also requires me to admit that each of the agencies referred to have done splendid work in aiding the farmers of the Nation in the conservation of our greatest national resources, the fertility of the topsoil of American farmlands, and in the practice of the arts and skills of good farming. It would be difficult indeed to estimate the value of the great service which has been rendered to the farmers and to the Nation by the splendid work which has been done. It is the purpose of the agricultural coordination bill to make the work, the programs, and the efforts even more effective in the future than they have been in the past.

COORDINATION OF RESEARCH

The research work heretofore carried on by the Soil Conservation Service would be assigned to the Federal Office of Experiment Stations and to State agricultural experiment stations. The actual research work in the State experiment stations would be on a grant-in-aid basis, with the Federal Government acting as a coordinating agency. Although the State agricultural experiment stations were established for the purpose of providing research on all types of agricultural problems, including conservation, the Federal Soil Conservation Service has established its own soil conservation research stations. By assigning this work to the State experiment stations the bill would make it possible for these stations to coordinate research work with other related agricultural research and thereby achieve more effective results.

COORDINATION OF EDUCATIONAL AND TECHNICAL ASSISTANCE

The bill will eliminate the duplication, overlapping, and conflict among various agencies in furnishing educational, informational, demonstrational, and technical advice to farmers on agricultural conservation, land use, and farm planning by assigning these functions to one agency, the Agricultural Extension Service. This is the basic job for which the Extension Service was established, and it is unquestionably the best qualified agency to provide these services to farmers. In recent years, however, the several agencies with which the bill seeks to deal have been engaged in providing educational, informational, demonstrational, and technical advice direct to farmers with respect to each of the programs. This has resulted in duplication, conflict, and confusion. By coordinating these services in the extension service individual farmers could go to one agency of the Government and secure the necessary technical information and assistance in planning his own farming operations.

SOIL CONSERVATION SERVICE

The Soil Conservation Service, under the bill, would be transferred to the Extension Service at Federal, State, and local levels, but would continue to function in every vital part and parcel under the supervision of the Director of Extension Service in Washington, and as a division of the State extension service in the States. The program would be decentralized on a grant-in-aid basis. In every State the extension service would be required to maintain the Soil Conservation Service as a division of the State extension service. The State, area, and local offices of the Soil Conservation Service would be merged with the office of the agricultural extension service in the States and counties. Such of the personnel as may be deemed necessary will also be transferred to the extension service and authorized to carry on approved programs. The regional offices of the Soil Conservation Service would be abolished, as they would no longer be necessary. This would remove one layer of bureaucracy between the States and the Federal Government. Since the work of the Soil Conservation Service, other than research, consists almost entirely of educational, informational, demonstrational, and technical assistance to farmers, there is a definite and positive duplication of identical services now being rendered by the extension service.

The Extension Service was originally created for these specific purposes. Certainly coordination and a consolidation of such services should result in great economy and in more effective programs. The bill would not change or interfere in any way with the present set-up and operations of the State soil-conservation districts acts or the local soil conservation districts which are organized under such acts. These districts will have more real autonomy in carrying out their programs than they have under the present set-up under which the Federal Soil Conservation Service, through its regional offices, can dictate to the local districts what practices and programs they shall adopt. Under H. R. 4150 technical assistance to soil-conservation districts would be provided through the State extension service which is under State control on a cooperative basis between the counties and States and the United States Department of Agriculture.

The appropriations for the Soil Conservation Service would be placed on a grant-in-aid basis, of which not to exceed 10 percent would be allotted as grants to the State experiment stations for research work in conservation; not to exceed 88 percent would be allotted as grants to the State extension service, to maintain the services of the Soil Conservation Service in the States; and not to exceed 2 percent would be allotted to the Washington office of the Soil Conservation Service, which would be under the Director of Extension Service.

AGRICULTURAL-CONSERVATION PROGRAM

The agricultural-conservation program heretofore carried out by the Agricultural Adjustment Administration, now administered by the Production and Marketing Administration, would be decentralized so that the State committee in each State would be responsible for developing and administering the program in each State, subject to the approval of such program by the Secretary of Agriculture.

The conservation and other practices to be carried out in any State would be limited to those practices which are recommended by a technical committee to be composed of the director of the State extension service, the director of the State agricultural experiment station, the State commissioner of agriculture or like official, a representative to be designated by the State authority created by the Soil Conservation Districts Act or such representatives as they may jointly approve, designate, and appoint. This will assure that the practices which are included in the programs will be based upon the best scientific knowledge available and adapted to the local needs and conditions.

The bill provides for a more representative State committee, a State committee to consist of five farmer members and four ex officio members. The ex officio members would be the State director of extension service, State director of agricultural experiment station, State commissioner of agriculture or like official, and a representative designated by the State authority created by the State Soil Conservation District Act. In order to obtain the most capable members on the State committee the farmer members would be appointed by the Secretary of Agriculture, from lists submitted by the State director of extension, after consultation with State-wide farm organizations. In the event the first list of nominations is not deemed satisfactory, the Secretary might require additional lists to be submitted until a satisfactory list from which to make the appointments is received and approved.

The State committee would function only as a part-time, policy-making committee and would be authorized to employ an administrator and such other assistants as might be needed to carry out and discharge administrative duties, subject, of course, to the supervision and direction of the committee. In like manner, the county committee would be responsible for planning and carrying out the county agricultural conservation program. It would submit recommendations to the State committee with respect to the State program. The county committee would be enlarged by including a representative to be designated by the board of supervisors of the soil-conservation district in any county where such district exists in whole or in part.

The State and county committees would be confined to planning and administering the action phases of the agricultural conservation program. These committees would also continue to administer the regulatory enforcement and other administrative phases of the marketing quota divisions of the Agricultural Adjustment Act and also local phases of price-support programs now provided by existing law. The educational, informational, demonstrational, and technical phases of all programs would be handled and administered by the Extension Service in cooperation with State and county committees. The Extension Service, augmented by the Soil Conservation Service, would serve as technical ad-

visers to the State and county committees and to local soil-conservation districts, as well as to the individual farmers.

By including on the State and county committees representatives appointed by the States soil districts authority and local soil-conservation districts, the bill will facilitate the coordination of the agricultural conservation programs in the State and the conservation programs carried out locally by soil-conservation districts.

The appropriations for the programs of soil-bulding practices would be allotted to the States on the basis of need for agricultural soil and water conservation. Payments or grants to farmers would be conditioned upon utilization of land in conformity with soil-building and soil- and water-conserving practices adapted to the conditions in the several States and areas to be determined by the State and county committees.

If we admit the necessity for economy in Government and if Congress is constantly being criticized for failing to make a scientific search of the departments in an effort to find waste in manpower and money, the bill which I have introduced constitutes a challenge to every Member of the House, and especially is it a challenge to the House Committee on Agriculture. Unless those of us interested in the welfare of agriculture are impressed with the necessity for making every possible economy in the department which has been established, financed, and permitted to function in the interest of farmers, we should not be surprised if others interested in economy swing the ax hard and heavy on agricultural appropriations. We must take the agricultural picture apart and look at every agency, bureau, and commission, and we must demonstrate a real desire to economize and to make more efficient the agencies which we have created by many acts of Congress.

Upon the adjournment of the present session of Congress and when you return home to your constituents, I hope that you will discuss the provisions of H. R. 4150, to the end that you may be able to offer constructive criticism of the same when you return to Washington in January. Certainly neither my colleague, Congressman HILL, of Colorado, nor I have any possible purpose which should not likewise be your own.

EXTENSION OF REMARKS

Mr. KEFAUVER asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

SPECIAL ORDERS GRANTED

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes on Tuesday next following the regular business of the day and the special orders heretofore entered for that date.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on Monday next following the special orders heretofore entered for that date.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. JACKSON of California. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes on Wednesday next following the legislative business of the day and the special orders heretofore entered for that date.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THE FEDERAL LOYALTY BILL, H. R. 3813

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, I want to thank my worthy colleagues who prepared H. R. 3813, the so-called Federal loyalty bill, for excluding from its provisions Members of Congress. I am glad we are left out. I am afraid if we had been included, and if the bill should pass, that many of us might very easily lose our jobs on charges of disloyalty to the United States. I am perfectly serious, Mr. Speaker. If Congressmen were included in this bill, it would be perfectly possible, for instance, to find that a group of us who advocate progressive taxation, with the heaviest burden placed on those most able to pay, were sympathetically associated with a subversive movement, and if they investigated us and found we also were sympathetically associated with a movement to have the Government construct some low-cost public housing and also belonged to a group advocating more stringent control of monopolies, we could easily be thrown out on our ear without any appeal or recourse.

And Mr. Speaker, although I am glad Congressmen are excluded from that kind of persecution under this bill, I do not want to see a million and a half Federal employees made subject to it. I do not want to see employees hounded and spied upon simply because of the views they hold or the legal organizations with whose aims they may, perchance, be sympathetic. It seems to me this bill would clearly violate the basic guaranties of liberty as well as the due-process clause contained in the Constitution. I think it is a very dangerous piece of legislation and I cannot support it.

There is no disagreement here that persons who are disloyal to the United States should be denied employment in the Government service. That is obvious and fundamental. We all agree about that. But first you have to decide what constitutes disloyalty, and secondly, you have to prove that the person charged with violating those standards is actually guilty. The way in which this bill proposes to go about those tasks is dangerous and fundamentally un-American.

Who is to be considered disloyal? Well, aside from the standards which already exist in our laws prohibiting espionage, sabotage, disclosure of confidential information, advocacy of the violent overthrow of the Government, and so forth, we have a new standard for judging Federal employees' loyalty. Section 8 (b), paragraph 6, of the bill reads:

> Membership in, affiliation with, or sympathetic association with, any foreign or domestic organization, association, movement, group, or combination of persons, designated by the Attorney General as totalitarian, Fascist, Communist, or subversive—

Personally, I do not know of an organization which is in any way concerned with social progress in this country which has not at one time or another been labeled Communist-dominated or at least subversive, and I am not excluding the Democratic Party. I am entirely unwilling to see a law put on the statute books which gives the Attorney General of the United States—whoever he may be—the absolute authority to decide on his own motion what organizations or movements or groups are to be proscribed as totalitarian, Fascist, Communist, or subversive. The Attorney General's list of disloyal organizations would be published from time to time in the Federal Register, and inclusion on such a list would probably be a death sentence for any organization or movement he decided to proscribe. That would be a grant of political power such as has never in American history been vested in any Government official.

I am unwilling, furthermore, to assume that any Government employee who might be considered "sympathetically associated" with any organization or movement condemned by the Attorney General is, therefore, ipso facto, disloyal to the United States.

This whole standard for judging the loyalty of Federal employees would place America in the same column with those totalitarian states we condemn so vigorously for interfering with free speech or free political association. If this bill should be enacted, I am afraid it would be pretty useless for the State Department's Voice of America to try to persuade Europeans of the blessings of democracy and political freedom in the United States.

Well, aside from this question of standards, what proof is required under this bill that an employee is guilty as charged? Mighty little, Mr. Speaker; perhaps none. A single loyalty review board is established by this bill. It would receive reports on all present or prospective Federal employees from the FBI, the House Committee on Un-American Activities, schools and colleges attended by the employee, and other sources, and it would decide whether or not the employee was to be charged with disloyalty. If he were so charged, he would get what the bill describes as a factual statement of the charges against him. Then he would have to prove that he was not guilty. And he would have to do that without seeing the evidence, or even knowing what it consisted of, without confronting the witnesses against him, or even knowing who they were. And if he could not prove his innocence to the satisfaction of this same board which brought

the charges, he would be found guilty and fired, without any further recourse. That is the procedure, Mr. Speaker, and it reverses every American principle of justice.

The accused is not confronted with the evidence against him. The accused is considered guilty unless he can prove himself innocent—since the hearing is before the same board which brought the charge. The board is, itself, prosecutor, judge, and jury. Under this bill, the employee may be discharged for acts which were in no sense proscribed by any law or governmental regulation at the time they were committed. And, finally, no record of the findings or proceedings of the review board need be made, so that any possible appeal for review by the courts would be virtually useless.

This is not American justice, Mr. Speaker; this sounds to me strangely like the so-called justice as administered in Nazi Germany before the war.

It seems to me, Mr. Speaker, that the Congress was very concerned last year about making administrative procedures conform to the fundamental concepts of due process and the rules of evidence. We passed a law to assure that administrative proceedings in the executive branch of the Government would conform to American traditions of judicial procedure. I think we would be terribly wrong to throw that out the window by passage of this bill, for certainly the procedures required in this bill are at complete variance with those set forth in the 1946 act.

I should like to warn the sponsors of this bill, who obviously want to see a large-scale witch hunt in the Federal service—and who hope, I believe, that they will gain some political advantage from it—that it is a dangerous thing to fool around with the other fellow's basic liberties. You are liable to wake up one morning and find your action has boomeranged and that what you have done is reduced liberty for yourself.

HAL C. WOODWARD AGAINST THOMAS J. O'BRIEN

The SPEAKER laid before the House the following communication; which was read and referred to the Committee on House Administration:

JULY 11, 1947.

The honorable the SPEAKER,
House of Representatives.

SIR: The motion to dismiss of the contestee in the contested election case of Harold C. Woodward against Thomas J. O'Brien for a seat in the House of Representatives from the Sixth Congressional District of the State of Illinois, filed in this office July 9, 1947, is transmitted herewith for reference to the appropriate committee.

Yours respectfully,
JOHN ANDREWS,
Clerk of the House of Representatives.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SCHWABE of Missouri (at the request of Mr. SCHWABE of Oklahoma), for Friday, July 11, 1947, on account of official business, conducting committee hearing of Committee on Education and Labor in New York.

To Mr. KEE (at the request of Mr. KIRWAN), for 5 days, on account of death in family.

To Mr. JUDD, for 1 day, on account of illness.

To Mr. BENNETT of Michigan (at the request of Mr. ARENDS), indefinitely, on account of illness.

EXTENSION OF REMARKS

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD.

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. PHILBIN] is recognized for 10 minutes.

PENDING VETERANS' LEGISLATION

Mr. PHILBIN. Mr. Speaker, the Veterans' Committee of the House, under the leadership of the very able and humane gentlelady from Massachusetts, has reported several bills affecting veterans, and I understand these measures are now pending in the Rules Committee. All these bills are of great interest and would, if enacted, be of substantial benefit to various classes of veterans. For the most part they seek to perfect existing law by broadening eligibility of amputees for automobiles, by increasing the minimum allowances payable for rehabilitation in service-connected cases, by providing for most desirable increases in subsistence allowances under the GI bill of rights and by extending the presumption of service connection, heretofore applied to tuberculosis, mental and nervous diseases, and some other maladies, to chronic and tropical diseases.

I am very much interested in these measures, because I believe they are necessary to close certain gaps that have appeared in the over-all rehabilitation program. It is hardly necessary to argue for these measures, because they are self-explanatory and are required to eradicate the shortcomings and limitations of existing legislation.

It is a matter of knowledge to all Members of the House that prices and living costs have increased substantially in recent months, and there is little evidence that this trend will shortly abate. This fact amply justifies increases in subsistence allowances for Government trainees, and it is appropriate not only that these increases should be provided for in service-connected cases but in all other cases where former members of the armed forces are pursuing training and education to fit themselves for leadership in business, craft, economic, and professional fields.

I am happy to state that my colleague the gentlelady from Massachusetts, with admirable devotion to the cause of the veteran, and her able committee, have labored with untiring energy and zeal to bring these measures to the floor. She has taken a special interest in the wounded and incapacitated, and especially the amputees, who should be, I submit, a very first charge upon our consideration and generosity. Many of these boys have been grievously wounded, maimed, and disfigured as a result of their valiant war service for us and for democracy. Their condition and plight deserves our utmost and constant attention. We must never forget them or overlook their needs. Congress has delayed to some extent in furnishing them with automobiles to provide for their comfort and well-being, out of which our amputees have derived much pleasure and happiness, and I believe that we should extend the coverage of this legislation to include still other classes of our maimed and wounded. The cost of these measures is trivial compared to the sacrifice of these boys. At a time when we have been pouring and lavishing billions upon peoples in foreign lands, we should have, I think, some concern for providing for those who sacrificed so much in our behalf during the war, and who are now seeking the chance to get proper care, treatment, and the opportunity to live the balance of their lives in relative security and comfort. As to some, there is little more they can derive from life. Let us answer their plea.

The case for extending the presumptive clauses to chronic and tropical diseases is, to my mind, unanswerable. Every Member of this House has knowledge of some constituents who were wholly well and physically sound before entering the service but who as a result of service now suffer from some disease indigenous to malarial-infested swamps or fever-ridden jungles of the Tropics, or some other chronic disease traceable to war service. This Congress has authorized billions of dollars for the general purposes of the Government and for foreign relief. Some speak of the need for economy and I agree with their premise in general. We are desirous of economizing, of balancing the budget, reducing the debt, and putting our financial affairs in order. But in the name of justice and decency and gratitude for selfless sacrifice, let us not try to economize at the expense of those who were disabled, wounded, and maimed physically and mentally in the last great war. Let us move now before adjournment promptly to take up and pass all the principal measures which have been reported from the committee of the distinguished gentlelady from Massachusetts. Not only will those concerned be appreciative of this action on our part but the whole country, always eager to serve our veterans and discharge in part our great debt to them, will approve and applaud our favorable action on this legislation in behalf of our beloved veterans.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3647. An act to extend certain powers of the President under title III of the Second War Powers Act and the Export Control Act, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 564. An act to provide for the performance of the duties of the office of President in case of removal, resignation, death, or inability both of the President and Vice President.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1585. An act for the relief of Adolph Pfannenstiehl;

H. R. 1658. An act for the relief of Norman Thoreson and Thoreson Bros., a partnership;

H. R. 1954. An act for the relief of Robert Hinton; and

H. R. 1956. An act for the relief of Hugh C. Gilliam.

ADJOURNMENT

Mr. McDONOUGH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 12 minutes p. m.), under its previous order, the House adjourned until Monday, July 14, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

914. A letter from the Secretary of War, transmitting a draft of a proposed bill to establish eligibility for burial in national cemeteries, and for other purposes; to the Committee on Public Lands.

915. A letter from the Secretary of War, transmitting a draft of a proposed bill to authorize the President of the United States of America to direct the United States Maritime Commission to charter certain vessels to persons not citizens of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

916. A communication from the President of the United States, transmitting drafts of proposed provisions pertaining to existing appropriations of the United States Maritime Commission (H. Doc. No. 394); to the Committee on Appropriations and ordered to be printed.

917. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the fiscal year 1944 in the amount of $730,000 for the Navy Department and the Naval Establishment (H. Doc. No. 395); to the Committee on Appropriations and ordered to be printed.

918. A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of $2,350 for the legislative branch, House of Representatives (H. Doc. No. 396); to the Committee on Appropriations and ordered to be printed.

919. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1948 in the amount of $861,000 for the Department of Agriculture (H. Doc. No. 397); to the Committee on Appropriations and ordered to be printed.

920. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the fiscal year 1947 in the amount of $23,000,000 for the Navy Department and the Naval Establishment (H. Doc. No. 398); to the Committee on Appropriations and ordered to be printed.

921. A communication from the President of the United States, transmitting a revised estimate of the administrative expenses for the Reconstruction Finance Corporation and its subsidiaries for the fiscal year 1948, involving a decrease of $10,917,300, in the form of amendments to the budget for said fiscal year (H. Doc. No. 399); to the Committee on Appropriations and ordered to be printed.

922. A letter from the Administrator, National Housing Agency, transmitting a draft of a proposed bill for the relief of John E. Peterson; to the Committee on the Judiciary.

923. A letter from the Acting Administrator, Federal Security Agency, transmitting a draft of a proposed bill to amend the Social Security Act in connection with the payment of postage for unemployment-compensation mail and payments to the States which have submitted plans under title I, IV, V, or X of such act, and for other purposes; to the Committee on Ways and Means.

924. A letter from the Clerk of the House of Representatives, transmitting motion to dismiss of the contestee in the contested election case of Harold C. Woodward against Thomas J. O'Brien for a seat in the House of Representatives from the Sixth Congressional District of the State of Illinois (H. Doc. No. 400); to the Committee on House Administration and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LECOMPTE: Committee on House Administration. Senate Joint Resolution 129. Joint resolution to provide for the appropriate commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia; without amendment (Rept. No. 874).

Mr. LECOMPTE: Committee on House Administration. House Resolution 281. Resolution providing additional compensation for certain employees of the House of Representatives; without amendment (Rept. No. 875).

Mr. LECOMPTE: Committee on House Administration. House Resolution 282. Resolution authorizing the payment of 6 months' salary and funeral expenses in the case of William M. Day, late an employee of the House; without amendment (Rept. No. 876).

Mr. LECOMPTE: Committee on House Administration. House Resolution 283. Resolution authorizing the Clerk of the House of Representatives to approve payment of gratuities during the recess of Congress; without amendment (Rept. No. 877).

Mr. HOPE: Committee on Agriculture. S. 512. An act to extend provisions of the Bankhead-Jones Farm Tenant Act and the Soil Conservation and Domestic Allotment Act to the Virgin Islands; without amendment (Rept. No. 878). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAND: Committee on Merchant Marine and Fisheries. H. R. 3619. A bill relating to the sale of the Mission Point Lighthouse Reservation, Grand Traverse County, Mich.; with an amendment (Rept. No. 879). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 2873. A bill to amend certain provisions of the Reclamation Project Act of 1939; with amendments (Rept. No. 880). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 3371. A bill to transfer jurisdiction of certain lands comprising a portion of Acadia National Park, Maine, from the Department of the Interior to the Department of the Navy, and for other purposes; without amendment (Rept. No. 881). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 2793. A bill authorizing an appropriation for the construction, extension, and improvement of a State tuberculosis sanatorium at Galen, Mont., to provide facilities for the treatment of tuberculous Indians in Montana; with amendments (Rept. No. 882). Referred to the Committee of the Whole House on the State of the Union.

Mr. HINSHAW: Committee on Interstate and Foreign Commerce submits a report on aids to air navigation and landing; without amendment (Rept. No. 885). Referred to the Committee of the Whole House on the State of the Union.

Mr. MICHENER: Committee on the Judiciary. House Resolution 254. Resolution directing the Secretary of State to transmit forthwith to the Committee on the Judiciary certain documents, records, and memoranda relating to one Serge Rubinstein; without amendment (Rept. 886). Referred to the House Calendar.

Mr. MICHENER: Committee on the Judiciary. House Resolution 255. Resolution directing the Attorney General to transmit forthwith to the Committee on the Judiciary certain documents, records, and memoranda relating to one Serge Rubinstein; without amendment (Rept. No. 887). Referred to the House Calendar.

Mr. CORBETT: Committee on Post Office and Civil Service. H. R. 4127. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended; without amendment (Rept. No. 888). Referred to the Committee of the Whole House on the State of the Union.

Mr. FULTON: Committee on Foreign Affairs. House Joint Resolution 233. Joint resolution authorizing the President to approve the trusteeship agreement for the Territory of the Pacific Islands; without amendment (Rept. No. 889). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 4079. A bill to amend the Taylor Grazing Act of June 28, 1934 (48 Stat. 1269), as amended June 26, 1936 (49 Stat. 1976); without amendment (Rept. No. 890). Referred to the Committee of the Whole House on the State of the Union.

Mr. BEALL: Committee on the District of Columbia. S. 924. An act to credit active service in the military or naval forces of the United States in determining eligibility for and the amount of benefits from the policemen and firemen's relief fund, District of Columbia; without amendment (Rept. No. 892). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. S. 1462. An act to authorize the official reporters of the municipal court for the District of Columbia to collect fees for transcripts, and for other purposes; without amendment (Rept. No. 894). Referred to the Committee of the Whole House on the State of the Union.

Mr. BEALL: Committee on the District of Columbia. H. R. 2471. A bill to provide for periodical reimbursement of the general fund of the District of Columbia for certain expenditures made for the compensation, uniforms, equipment, and other expenses of the United States Park Police force; without amendment (Rept. No. 895). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. H. R. 2984. A bill to amend the act of June 1, 1910, so as to regulate the installation of radio or television transmitting antennae, masts, or other structures in the District of Columbia; with amendments (Rept. No. 896). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. H. R. 3045. A bill to place the Office of Recorder of Deeds of the District of Columbia under the jurisdiction, supervision, and control of the Commissioners of the District of Columbia, and for other purposes; with amendments (Rept. No. 897). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA: Committee on the District of Columbia. H. R. 3852. A bill to amend the act entitled "An act for the retirement of public school teachers in the District of Columbia," approved August 7, 1946; without amendment (Rept. No. 898). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on the District of Columbia. H. R. 3873. A bill to redefine the powers and duties of the Board of Public Welfare of the District of Columbia, to establish a Department of Public Welfare, and for other purposes; with amendments (Rept. No. 899). Referred to the Committee of the Whole House on the State of the Union.

Mr. BEALL: Committee on the District of Columbia H. R. 3978. A bill to provide for the temporary advancement in rank and increase in salary of lieutenants in the Metropolitan Police force of the District of Columbia serving as supervisors of certain squads; without amendment (Rept. No. 900). Referred to the Committee of the Whole House on the State of the Union.

Mr. DIRKSEN: Committee on the District of Columbia. H. R. 3998. A bill to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes; without amendment (Rept. No. 901). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FELLOWS: Committee on the Judiciary. H. R. 1215. A bill for the relief of Kazue Oda Takahashi; with an amendment (Rept. No. 883). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 3088. A bill for the relief of William Dudley Ward-Smith; without amendment (Rept. No. 884). Referred to the Committee of the Whole House.

Mr. O'HARA: Committee on the District of Columbia. S. 1402. An act to authorize the parishes and congregations of the Protestant Episcopal Church in the District of Columbia to establish bylaws governing the election of their vestrymen; without amendment (Rept. No. 893). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRADLEY:

H. R. 4155. A bill to declare certain rights of citizens of the United States, and for the better assurance of the protection of such citizens and other persons within the several States from mob violence and lynching, and for other purposes; to the Committee on the Judiciary.

By Mr. CELLER:

H. R. 4156. A bill to provide citizenship for persons with maritime wartime service, and for other purposes; to the Committee on the Judiciary.

By Mr. ENGLE of California:

H. R. 4157. A bill to authorize the American River Basin development, California, for irrigation and reclamation and other purposes; to the Committee on Public Lands.

By Mr. KEFAUVER:

H. R. 4158. A bill to amend the Reconstruction Finance Corporation Act, as amended; to the Committee on Banking and Currency.

By Mr. LECOMPTE:

H. R. 4159. A bill to provide for equitable adjustment of the insurance status of certain members of the armed forces; to the Committee on Veterans' Affairs.

By Mr. PHILLIPS of Tennessee:

H. R. 4160. A bill to amend the National Service Life Insurance Act of 1940, as amended; to the Committee on Veterans' Affairs.

By Mr. PRICE of Florida:

H. R. 4161. A bill to provide that transfers of obsolete and condemned vessels by the Secretary of the Navy shall become effective 30 days after having been reported to the Congress if not disapproved by the Congress within such 30-day period; to the Committee on Armed Services.

By Mrs. ROGERS of Massachusetts:

H. R 4162. A bill to provide military status for women who served overseas with the Army of the United States during World War I; to the Committee on Armed Services.

By Mr. WEICHEL:

H. R. 4163. A bill to authorize medical and hospital service for those employed in the maritime service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H. R. 4164. A bill to authorize a preliminary examination, study, and survey of the area in the vicinity of Bellevue, Ohio, and surrounding area; to the Committee on Public Works.

By Mr. HOWELL:

H. R. 4165. A bill to amend the Federal Airport Act; to the Committee on Interstate and Foreign Commerce.

By Mr. LEMKE:

H. R. 4166. A bill providing for Congress to coin and issue money and regulate the value thereof by establishing the Bank of the United States, owned, operated, and controlled by the Government of the United States; setting forth the scope and manner of the bank's operations; creating a Board of Control and defining the powers and duties of the Board and other persons charged with the bank's management; and for other purposes; to the Committee on Banking and Currency.

By Mr. D'EWART:

H. R. 4167. A bill to authorize the State of Montana to lease her State lands for the production of oil, gas, and other hydrocarbons for such terms of years and on such conditions as may be from time to time provided by the Legislative Assembly of the State of Montana; to the Committee on Public Lands.

By Mr. JONKMAN:

H. R. 4168. A bill to provide for the reincorporation of the Institute of Inter-American Affairs, and for other purposes; to the Committee on Foreign Affairs.

By Mr. NORRELL:

H. R. 4169. A bill to amend section 401 of the Civil Aeronautics Act of 1938, so as to permit the granting of authority for temporary emergency service of air carriers; to the Committee on Interstate and Foreign Commerce.

By Mr. PETERSON:

H. R. 4170. A bill to provide for payment to the widows or next of kin of persons entitled to annuities for work on the Panama Canal such sums as were due but not paid at the death of such annuitants; to the Committee on Merchant Marine and Fisheries.

By Mr. YOUNGBLOOD:

H. R. 4171. A bill providing for the preservation of Fort Wayne Military Reservation, Detroit, Mich., for park use; to the Committee on Armed Services.

By Mr. LANE:

H. R. 4172. A bill granting the consent and approval of Congress to an interstate compact relating to control and reduction of pollution in the waters of the New England States; to the Committee on Public Works.

By Mr. BAKEWELL:

H. R. 4173. A bill to amend section 3403 of title 26 of United States Code; to the Committee on Ways and Means.

By Mr. BOGGS of Louisiana:

H. R. 4174. A bill to authorize payment of pensions to certain World War I veterans for partial disabilities not the result of service; to the Committee on Veterans' Affairs.

By Mr. SOMERS:

H. J. Res. 237. Joint resolution relating to Palestine; to the Committee on Foreign Affairs.

By Mrs. ROGERS of Massachusetts:

H. Res. 284. Resolution providing for the consideration of H. R. 3889; to the Committee on Rules.

By Mr. BUCK:

H. Res. 285. Resolution creating a select committee to conduct an investigation and study of matters pertaining to entry into the United States of one Serge Rubinstein, his subsequent activities, etc.; to the Committee on Rules.

H. Res. 286. Resolution providing for the expenses of the investigation and study authorized by House Resolution 285; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of California:

H. R. 4175. A bill for the relief of Sprague B. Wyman; to the Committee on Armed Services.

By Mr. BAKEWELL:

H. R. 4176. A bill for the relief of W. T. Evans; to the Committee on the Judiciary.

By Mr. HOWELL:

H. R. 4177. A bill for the relief of William L. Cunliffe; to the Committee on the Judiciary.

By Mr. KENNEDY:

H. R. 4178. A bill for the relief of Josephine Lisitano; to the Committee on the Judiciary.

By Mr. KIRWAN:

H. R. 4179. A bill for the relief of Paul E. Rocke; to the Committee on the Judiciary.

By Mr. McMAHON (by request):

H. R. 4180. A bill for the relief of Rolph J. Lackner; to the Committee on Armed Services.

By Mr. PATTERSON:

H. R. 4181. A bill to provide for the admission to citizenship of George Haniotis; to the Committee on the Judiciary.

By Mr. SIKES:

H. R. 4182. A bill to authorize and direct the Secretary of the Interior to sell to Albert M. Lewis, Jr., certain land in the State of Florida; to the Committee on Public Lands.

PETITIONS, ETC.

Under clause 1 of rule XXII,

740. Mr. CASE of South Dakota presented a petition of Edward Huether, president, Cane Creek Cooperative Grazing District, Conata, S. Dak., and 12 other signers, expressing themselves as being opposed to consideration and enactment of H. R. 1692, which proposes to grant the Secretary of Agriculture authorization to dispose of submarginal lands acquired under the Bankhead-Jones Farm Tenant Act, based on appraisals of reasonable normal value, which was referred to the Committee on Agriculture.